

## The NewsRoom

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### **Western Gulf of Mexico Lease Sale 196 Attracts \$285,192,865 in High Bids**

NEW ORLEANS – Western Gulf of Mexico Oil and Gas Lease Sale 196, held today in New Orleans by the U.S. Department of the Interior's Minerals Management Service, attracted \$285,192,865 in high bids. 56 companies participated in the lease sale, which offered 3,762 tracts comprising approximately 20.3 million acres offshore Texas and Louisiana. The MMS received 422 bids on 346 tracts. Bids totaled \$ 335,628,130.

MMS Gulf of Mexico Regional Director Chris Oynes called the lease sale a very strong sale. "We saw the highest dollar amount of high bids for a Western Gulf Sale in seven years. Many of the areas bid on at this sale represent rank wildcat areas where industry is taking great geologic and economic risk to search for more oil and gas supplies. We continued to see strong bidding activity in the Deepwater Gulf particularly in the Alaminos Canyon and Keathley Canyon Areas," explained Oynes. "This activity is due largely to the encouraging results of rank wildcat drilling activity in the Lower Tertiary – Wilcox Trend. It was also noteworthy that there was strong bidding interest in the shallow water area for potential deep gas prospects."

Of 224 deepwater tracts bid on, 37 are in water depths from 400 to less than 800 meters; 101 are in water depths from 800 to less than 1,600 meters. In the ultra-deepwater categories of royalty relief, 26 tracts in water depths from 1,600 to 2,000 meters received bids and 60 tracts in water depths greater than 2,000 meters received bids. This new 2,000 meter category was established as a provision of the 2005 Energy Policy Act, signed into law on August 8, 2005.

Approximately 25 percent of the tracts receiving bids are in ultra-deep water (more than 1,600 meters). The deepest tract bid on is Sigsbee Escarpment 288, in 3,278 meters of water. The highest bid received on a block was \$26,500,000, submitted by LLOG Exploration Offshore, Inc. for High Island 156.

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

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. The OCS provides 30 percent of oil and 21 percent of natural gas produced domestically, as well as sand used for coastal restoration. MMS collects, accounts for, and disburses mineral revenues from Federal and American Indian lands, and contributes to the Land and Water Conservation Fund and other special use funds, with Fiscal Year 2004 disbursements of about \$8 billion and more than \$143 billion since 1982.

#### **Relevant Web Sites:**

[MMS Main Website](#)

[Gulf of Mexico Website](#)

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[MMS: Securing Ocean Energy & Economic Value for America](#)  
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