
Leasing Activities Information



U.S. Department of the Interior
Minerals Management Service
Gulf of Mexico OCS Region

PROPOSED NOTICE OF OCS SALE 178

Central Gulf of Mexico March 28, 2001

Attached is the Proposed Notice of OCS Sale (PNOS) 178, Central Gulf of Mexico, which is scheduled to be held on March 28, 2001, in New Orleans.

In addition to the Proposed Notice, this package consists of:

- o Information to Lessees for Sale 178
- o Lease Stipulations for Oil and Gas Lease Sale 178
- o Royalty Suspension Provisions, Sale 178, Proposed
- o Lease Terms and Economic Conditions, Sale 178 Map
- o Stipulations and Deferred Blocks, Sale 178 Map

All of these documents may be found on the MMS Homepage Address on the Internet: <http://www.mms.gov>.

NOTE: In addition to the items above, the following documents will be included in the Sale Notice Package for the Final Notice of Sale (expected to be available in early February, 2001):

- o List of Blocks Available for Leasing, Sale 178
- o Unleased Split Blocks and Unleased Acreage of Blocks with Aliquots and Irregular Portions Under Lease
- o Debarment Certification Form
- o Bid Form and Envelope
- o Phone Numbers/Addresses of Bidders Form
- o Instructions for Making EFT Bonus Payments

All of the terms and conditions for proposed Sale 178 are the same as for the most recent Central Gulf of Mexico Sale (Sale 175), **except** as noted below.

Workshops. Two workshops will be held to discuss the several new provisions under consideration for Sale 178.

December 12, 2000, 9 a.m. until Noon
Minerals Management Service, Room 111
1201 Elmwood Park Boulevard
New Orleans, Louisiana 70123

December 14, 2000, 9 a.m. until Noon
Sheraton North Houston (at George Bush Intercontinental
Airport) Amphitheater
15700 John F. Kennedy Boulevard
Houston, Texas 77032

Following these Workshops (from 1–4 pm), and in the same locations, will be workshops on the Proposed Rule on discretionary royalty relief published in the Federal Register on November 16, 2000, at 65 FR 69259.

NOTICE:

New water depth data. The areas defining primary lease terms, minimum bids, annual rental rates, royalty rates, and royalty suspension are based on water depth. The MMS has received and implemented new water depth data, and these areas have changed slightly since the last sale. Bidders are advised to check carefully the Lease Terms and Economic Conditions, Sale 178 Map included in this Sale Notice Package.

Royalty relief. Royalty relief will be available under certain conditions for leases on blocks in less than 200 meters (shallow water deep gas production) and on blocks in 800 meters or deeper (oil and gas); see the document "Royalty Suspension Provisions, Sale 178, Proposed" and paragraph (m) in the document "Information To Lessees", both included in this Sale Notice Package;

Subsalt Lease Term Extension. A 2-year lease term extension **may** be available under **certain conditions** for subsalt development in water depths of less than 400 meters (ie, for leases with a primary term of 5 years); see Stipulation 5 in the document "Lease Stipulations for Oil and Gas Lease Sale 178" and paragraph (v) in the document "Information To Lessees", both included in this Sale Notice Package.

Electronic Funds Transfer (EFT) payments for the 1/5th bonus. The MMS will continue to **require** the use of EFT for payment of the 1/5th bonus. Current OCS lessees and operators may secure such payment using only a signed bid form as will be prescribed in the Final Notice of Sale; others will be required to secure the EFT payment by any one of several additional methods. Procedures for the use of EFT are available on our Homepage or from our Public Information Unit (see below), and are included in this Sale Notice Package. Questions or comments regarding EFT procedures should be directed to Ms. Vicki Zatarain at (504) 736-2779.

Tracts beyond U.S. Exclusive Economic Zone. Tracts beyond the U.S. Exclusive Economic Zone (tracts in the Northern Portion of the Western Gap and in the Northern Portion of the Eastern Gap) are **NOT** included in this Proposed Notice of Sale.

NOT OFFERED:

Viosca Knoll Block 69 (under appeal)

Amery Terrace (NG15-09) Blocks 133 through 135, 177 through 184, 221 through 238, 265 through 281, 309 through 320, and 355 through 359; Lund South (NG16-07) Blocks 172, 173, 213 through 217, 252 through 261, 296 through 305, and 349 (blocks beyond the U.S. Exclusive Economic Zone)

Bidders are reminded that Leasing Activity Update Lists are prepared monthly and are available on or about the 20th of each month through the MMS Gulf of Mexico Public Information Unit and on the MMS Homepage (see below).

STATISTICAL INFORMATION (Sale 178)

- o **SIZE:** 4,366 Unleased blocks; 23.07 million acres
- o **PRIMARY LEASE TERMS:**
 - 5 Year - Water depths less than 400 meters - 1,362 Blocks
 - 8 Year - Water depths between 400-799 meters - 141 Blocks
 - 10 Year - Water depths 800 meters or deeper - 2,863 Blocks
- o **MINIMUM BID:**
 - \$25.00 per acre or fraction thereof - Water depths less than 800 meters - 1,503 Blocks
 - \$37.50 per acre or fraction thereof - Water depths 800 meters or deeper - 2,863 Blocks
- o **ANNUAL RENTAL RATES:**
 - \$5.00 per acre or fraction thereof - Water depths less than 200 meters - 1,290 Blocks
 - \$7.50 per acre or fraction thereof - Water depths 200 meters or deeper - 3,076 Blocks
- o **ROYALTY RATES:**
 - 16 2/3% Royalty - Water depths less than 400 meters - 1,362 Blocks
 - 12 1/2% Royalty - Water depths 400 meters or deeper - 3,004 Blocks
- o **ROYALTY SUSPENSION AREAS:**
 - 0-199 Meter Royalty Suspension Area - 1,290 Blocks
 - 800-1599 Meter Royalty Suspension Area - 406 Blocks
 - 1600 Meter and Greater Royalty Suspension Area - 2,457 Blocks

For more information on this PNOS, potential bidders are advised to contact Mr. Charles Hill of the MMS GOM OCS Region Sales and Support Unit at (504) 736-2795.

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Gulf of Mexico Public Information Unit
Minerals Management Service
1201 Elmwood Park Boulevard
New Orleans, Louisiana 70123-2394
Telephone: (504) 736-2519 or (800) 200-GULF

**MMS Homepage Address on the Internet: <http://www.mms.gov>
24-hour Fax-on-Demand service: (202) 219-1703**