



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

News Release

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MMS Issues Final Notice of Eastern Gulf of Mexico Lease Sale 189

The U.S. Department of the Interior's Minerals Management Service (MMS) published the Final Notice of Sale for Eastern Gulf of Mexico (GOM) Sale 189 in the *Federal Register* on October 15, 2003. The lease sale will be held at 9 a.m., December 10, 2003, in the Grand Ballroom of the Royal Sonesta Hotel, 300 Bourbon Street, New Orleans, Louisiana.

"This sale area is the same as Eastern GOM Sale 181 held in December 2001," commented MMS Regional Director Chris Oynes. "It remains one of great interest because of the potential oil and gas in the area. There is already production inside the sale area at BP's Kings Peak project in Desoto Canyon 133, and MMS has received twenty exploration plans for leases in the area."

The Final Notice includes a continuation of a deepwater royalty relief measure recently adopted in other planning areas of the Gulf of Mexico for the purpose of increasing domestic natural gas and oil production to meet our Nation's energy needs. It includes a provision for royalty suspension of 12 million barrels of oil equivalent for a lease in water depths of 1,600 meters and deeper, subject to given price thresholds. In addition, lessees can apply for added discretionary royalty relief on these leases, if needed.

This notice also includes a recently revised Protected Species Stipulation designed to minimize or avoid potential adverse impacts to federally protected species. This stipulation, which will apply to all leases resulting from this sale, resulted from recently completed consultations with the National Oceanic and Atmospheric Administration-Fisheries and the U.S. Fish and Wildlife Service, pursuant to section 7 of the Endangered Species Act.

Other previously adopted lease stipulations included in this notice, where applicable, are a stipulation to reduce potential conflicts between oil and gas activities and military operations in military areas; a stipulation to provide for evacuation of oil and gas facilities in certain circumstances in the Eglin Water Test Areas (EGWTA's); and a stipulation to require coordination and consultation by oil and gas operators in the EGWTA's.

Finally, this 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.

The sale area encompasses 256 blocks in the Eastern GOM Planning Area and covers approximately 1.47 million acres. Available unleased blocks in the planning area number 138 and cover about 0.79 million acres and are located from 100 to about 196 miles offshore in water depths of about 1,600 to more than 3,425 meters. Estimates of undiscovered economically recoverable hydrocarbons in this proposal range from 65 to 85 million barrels of oil and 0.265 to 0.34 trillion cubic feet of natural gas. The MMS estimates the net economic value for this sale to be between \$100 million and \$500 million in 2003 dollars.

Complete sale notice packages, including the Notice, sale maps, and supporting documents, are available from the MMS Gulf of Mexico Region Public Information Unit; telephone (800) 200-GULF or (504) 736-2519; or by written request to:

Minerals Management Service
Gulf of Mexico OCS Region
Public Information Unit (MS 5034)
1201 Elmwood Park Boulevard
New Orleans, Louisiana 70123-2394

Statistical Information for Sale 189:

Size: 138 unleased blocks; 794,880 acres

The following terms and conditions apply to each block offered in this sale:

Initial Period: 10 years

Minimum Bonus Bid Amount: \$37.50 per acre or fraction thereof

Rental/Minimum Royalty Rates: \$7.50 per acre or fraction thereof

Royalty Rate: 12-1/2%

Royalty Suspension: 12 million barrels of oil equivalent

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 American Indian leases. These revenues totaled over \$6 billion in 2002 and nearly \$127 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.