



## **Lease Stipulations**

The Bureau of Ocean Energy (BOEM) may apply one or more of these lease stipulations to leases resulting from this proposed lease sale. Some lease stipulations would apply to all blocks offered, while other lease stipulations would apply only to specified blocks, as shown on the map entitled “Proposed Notice of Sale, Gulf of Mexico OCS Oil and Gas Lease Sale 259, March 2023, Stipulations and Deferred Blocks” included in the Proposed Notice of Sale (NOS) package. The “List of Blocks Available for Leasing” contained in the Final NOS package will identify the lease stipulations applicable to each block.

- Stipulation No. 1 Military Areas
- Stipulation No. 2 Evacuation
- Stipulation No. 3 Coordination
- Stipulation No. 4 Protected Species
- Stipulation No. 5 Topographic Features
- Stipulation No. 6 United Nations Convention on the Law of the Sea Royalty Payment
- Stipulation No. 7 Agreement between the United States of America and the United Mexican States Concerning Transboundary Hydrocarbon Reservoirs in the Gulf of Mexico
- Stipulation No. 8 Live Bottom
- Stipulation No. 9 Blocks South of Baldwin County, Alabama
- Stipulation No. 10 Restrictions due to Rights-of-Use and Easements for Floating Production Facilities
- Stipulation No. 11 Royalties on All Produced Gas

Stipulation No. 1 will be included in leases issued as a result of this lease sale located within the Warning Areas and Eglin Water Test Areas as shown on the map “Proposed Notice of Sale, Gulf of Mexico OCS Oil and Gas Lease Sale 259, March 2023, Stipulations and Deferred Blocks” included in the Proposed NOS package.

### **Stipulation No. 1     Military Areas**

#### **A. Hold and Save Harmless**

Whether compensation for such damage or injury might be due under a theory of strict or absolute liability or otherwise, the lessee assumes all risks of damage or injury to persons or property that occur in, on, or above the Outer Continental Shelf (OCS), and to any persons or to any property of any person or persons who are agents, employees, or invitees of the lessee, its agents, independent contractors, or subcontractors doing business with the lessee in connection with any activities being performed by the lessee in, on, or above the OCS if such injury or damage to such person or property occurs by reason of the activities of any agency of the United States (U.S.) Government, its contractors or subcontractors, or any of its officers, agents, or employees, being conducted as a part of, or in connection with, the programs and activities of the command headquarters listed in the table in Section C, Operational.

Notwithstanding any limitation of the lessee’s liability in Section 14 of the lease, the lessee assumes this risk whether such injury or damage is caused in whole or in part by any act or omission, regardless of negligence or fault, of the U.S. Government, its contractors or subcontractors, or any of its officers, agents, or employees. The lessee further agrees to indemnify and save harmless the U.S. Government against all claims for loss, damage, or injury sustained by the lessee, or to indemnify and save harmless the U.S. Government against all claims for loss, damage, or injury sustained by the agents, employees, or invitees of the lessee, its agents, or any independent contractors or subcontractors doing business with the lessee in connection with the programs and activities of the aforementioned military installation, whether the same be caused in whole or in part by the negligence or fault of the U.S. Government, its contractors or subcontractors, or any of its officers, agents, or employees, and whether such claims might be sustained under a theory of strict or absolute liability or otherwise.

#### **B. Electromagnetic Emissions**

The lessee agrees to control its own electromagnetic emissions and those of its agents, employees, invitees, independent contractors, or subcontractors emanating from individual designated defense warning areas in accordance with the requirements specified by the commander of the command headquarters listed in the following table to the degree necessary to prevent damage to, or unacceptable interference with, Department of Defense flight, testing, or operational activities conducted within individual designated warning areas. Necessary monitoring, control, and coordination with the lessee, its agents, employees, invitees, independent contractors, or subcontractors will be affected by the commander of the appropriate onshore military installation conducting operations in the particular warning area, provided, however, that control of such electromagnetic emissions must in no instance prohibit all manner of electromagnetic communication during any

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period of time between a lessee, its agents, employees, invitees, independent contractors, or subcontractors, and onshore facilities.

### C. Operational

The lessee, when operating, or causing to be operated on its behalf, a boat, ship, or aircraft traffic in an individual designated warning area, must enter into an agreement with the commander of the individual command headquarters listed in the following list, prior to commencing such traffic. Such an agreement will provide for positive control of boats, ships, and aircraft operating in the warning areas at all times.

Warning and Water Test Area	Command Address	Contact(s)	Email	Phone
W-59	Naval Air Station JRB 159 Fighter Wing 400 Russell Avenue, Box 27 Building 285 (Operations) New Orleans, Louisiana 70143-0027	TSgt. Michael Frisard	<a href="mailto:michael.j.frisard.mil@mail.mil">michael.j.frisard.mil@mail.mil</a>	(504) 391-8637
		TSgt. Scott Fenton	<a href="mailto:scott.p.fenton2.mil@mail.mil">scott.p.fenton2.mil@mail.mil</a>	(504) 391-8695 (504) 391-8696
W-92	Fleet Area Control and Surveillance Facility Attention: Deputy Airspace Officer 118 Albemarle Ave. P.O. Box 40 Jacksonville, Florida 32212	Ronald McNeal	<a href="mailto:ronald.mcNeal@navy.mil">ronald.mcNeal@navy.mil</a>	(904) 542-2112
W-147	147 OSS/OSA 14657 Sneider Street Houston, Texas 77034-5586	Sgt. Dion Folley	<a href="mailto:dion.r.folley.mil@mail.mil">dion.r.folley.mil@mail.mil</a>	(281) 929-2142
		Sgt. Gina Turner	<a href="mailto:gina.l.turner@mail.mil">gina.l.turner@mail.mil</a>	(281) 929-2710 (281) 929-2803

Warning and Water Test Area	Command Address	Contact(s)	Email	Phone
W-155	NASP Sector Control Attention: Facility (FACSFAC) NAS Pensacola 1860 Perimeter Road, Building 3963 NASP Florida 32508-5217	Facility (FACSFAC) NAS	<a href="mailto:NASP.SECTORCONTROL@navy.mil">NASP.SECTORCONTROL@navy.mil</a>	(850) 452-2735  Base Operations: (850) 452-2431
W-228	Chief, Naval Air Training Code N386 (ATC and Air Space Management) Naval Air Station Corpus Christi, Texas 78419-5100	Tom Bily	<a href="mailto:thomas.bily@navy.mil">thomas.bily@navy.mil</a>	(361) 961-0145
W-453	Air National Guard – CRTC 4715 Hewes Avenue, Building 60 Gulfport, Mississippi 39507- 4324		<a href="mailto:usaf.ms.ms-crtc.mbx.msrtc-director-of-operations@mail.mil">usaf.ms.ms-crtc.mbx.msrtc-director-of-operations@mail.mil</a>	(228) 214-6027
W-602	VQ-4 Operations Department 7791 Mercury Road Tinker AFB, Oklahoma 73145-8704		<a href="mailto:TNKR_VQ4_Dep_Skeds@navy.mil">TNKR_VQ4_Dep_Skeds@navy.mil</a>	(405) 739-5700
Eglin Water Test Areas 1, 2, 3, and 4	101 West D Ave, Bldg. 1, Suite 116 Eglin AFB, Florida 32562	Steven C. Dietzius, Technical Director (96TW/CT)		(850) 882-0762
	Range and Operations Sustainment Section 96 TW/XPO Eglin AFB, Florida 32542	Mr. Charles Smith	<a href="mailto:charles.smith.7@us.af.mil">charles.smith.7@us.af.mil</a>	(850) 882-5614

Stipulation No. 2 will be included in leases issued as a result of this lease sale as shown on the map “Proposed Notice of Sale, Gulf of Mexico OCS Oil and Gas Lease Sale 259, March 2023, Stipulations and Deferred Blocks” included in the Proposed NOS package.

**Stipulation No. 2      Evacuation**

- A. The lessee, recognizing that oil and gas resource exploration, exploitation, development, production, abandonment, and site cleanup operations on the leased area of submerged lands may occasionally interfere with tactical military operations, hereby recognizes, and agrees that the United States reserves and has the right to temporarily suspend operations and/or require evacuation on this lease in the interest of national security. Such suspensions are considered unlikely in this area. Every effort will be made by the appropriate military agency to provide as much advance notice as possible of the need to suspend operations and/or evacuate. Advance notice of fourteen (14) days normally will be given before requiring a suspension or evacuation, but in no event will the notice be less than four (4) days.

Temporary suspension of operations may include the evacuation of personnel and appropriate sheltering of personnel not evacuated. Appropriate shelter means the protection of all lessee personnel for the entire duration of any Department of Defense activity from flying or falling objects or substances; it will be implemented by a written order from the Bureau of Safety and Environmental Enforcement (BSEE) Gulf of Mexico Regional Supervisor for District Field Operations (RSDFO), after consultation with the appropriate command headquarters or other appropriate military agency or higher authority.

The appropriate command headquarters, military agency, or higher authority will provide information to allow the lessee to assess the degree of risk, and provide sufficient protection for, the lessee’s personnel and property. Such suspensions or evacuations for national security reasons normally will not exceed seventy-two (72) hours; however, any such suspension may be extended by order of the BSEE Gulf of Mexico RSDFO. During such periods, equipment may remain in place, but all production, if any, must cease for the duration of the temporary suspension if the BSEE Gulf of Mexico RSDFO so directs. Upon cessation of any temporary suspension, the BSEE Gulf of Mexico RSDFO immediately will notify the lessee that such suspension has terminated and operations on the leased area can resume.

- B. The lessee must inform BSEE of the persons and offices to be notified to implement the terms of this stipulation.
  - C. The lessee is encouraged to establish and maintain early contact and coordination with the appropriate command headquarters to avoid or minimize the effects of conflicts with potentially hazardous military operations.
  - D. The lessee is not entitled to reimbursement for any costs or expenses associated with the suspension of operations or activities or the evacuation of property or personnel in fulfillment of the military mission, in accordance with subsections A through C above.
  - E. Notwithstanding subsection D, the lessee reserves the right to seek reimbursement from
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appropriate parties for the suspension of operations or activities, or the evacuation of property or personnel, associated with conflicting commercial operations.

Stipulation No. 3 will be included in leases issued as a result of this lease sale as shown on the map “Proposed Gulf of Mexico, Oil and Gas Lease Sale 259, March 2023, Stipulations and Deferred Blocks” included in the Proposed NOS package.

### **Stipulation No. 3      Coordination**

- A. The placement, location, and planned periods of operation of surface structures on this lease during the exploration stage are subject to approval by the Bureau of Ocean Energy Management (BOEM) Gulf of Mexico Regional Director (RD) after the review of an operator’s Exploration Plan (EP). Prior to approval of the EP, the lessee must consult with the appropriate command headquarters regarding the location, density, and planned periods of operation of such structures, and to maximize exploration while minimizing conflicts with Department of Defense activities.

When determined necessary by the appropriate command headquarters, the lessee will enter into a formal Operating Agreement with such command headquarters, which delineates the specific requirements and operating parameters for the lessee’s activities in accordance with the military stipulation clauses contained herein. If it is determined that the operations will result in interference with scheduled military missions in such a manner as to possibly jeopardize national defense or to pose unacceptable risks to life and property, then the BOEM Gulf of Mexico RD may approve the EP with conditions, disapprove it, or require modification in accordance with 30 CFR part 550. The BOEM Gulf of Mexico RD will notify the lessee in writing of the conditions associated with plan approval, or the reason(s) for disapproval or required modifications.

Moreover, if there is a serious threat of harm or damage to life or property, or if it is in the interest of national security or defense, pending or approved operations may be suspended or halted in accordance with 30 CFR part 250. Such a suspension will extend the term of a lease by an amount equal to the length of the suspension. The Bureau of Safety and Environmental Enforcement (BSEE) Gulf of Mexico RD will attempt to minimize such suspensions within the confines of related military requirements. It is recognized that the issuance of a lease conveys the right to the lessee, as provided in Section 8(b)(4) of the Outer Continental Shelf Lands Act (OCSLA), 43 U.S.C. § 1337(b)(4), to engage in exploration, development, and production activities conditioned upon other statutory and regulatory requirements.

- B. The lessee is encouraged to establish and maintain early contact and coordination with the appropriate command headquarters to avoid or minimize the effects of conflicts with potentially hazardous military operations.
- C. If national security interests are likely to be in continuing conflict with an existing Operating Agreement, EP, Development and Production Plan, or Development Operations Coordination Document, the BSEE Gulf of Mexico RD, in consultation with BOEM, will direct the lessee to modify any existing Operating Agreement or to enter into a new Operating Agreement to implement measures to avoid or minimize the identified potential conflicts, subject to the terms and conditions and obligations of the legal requirements of the lease.
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Stipulation No. 4 will be included in all leases issued as a result of this lease sale.

#### **Stipulation No. 4     Protected Species**

- A. The Endangered Species Act (16 U.S.C. §§ 1531 *et seq.*) and the Marine Mammal Protection Act (16 U.S.C. §§ 1361 *et seq.*) are designed to protect threatened and endangered species and marine mammals and apply to activities authorized under the Outer Continental Shelf Lands Act (OCSLA, 43 U.S.C. §§ 1331 *et seq.*). The Congressional Declaration of Policy included in OCSLA provides that it is the policy of the United States that the OCS should be made available for expeditious and orderly development, subject to environmental safeguards, in a manner that is consistent with the maintenance of competition and other national needs (see 43 U.S.C. § 1332). Both the Bureau of Ocean Energy Management (BOEM) and the Bureau of Safety and Environmental Enforcement (BSEE) comply with these laws on the OCS.
- B. The lessee, its operators, and their recognized representative must:
1. Comply with the Reasonable and Prudent Alternative for the Rice's whale (formerly GOM Bryde's whale), Reasonable and Prudent Measures and implementing Terms and Conditions of the Biological Opinion issued by the National Marine Fisheries Service (NMFS) on March 13, 2020 (2020 NMFS BiOp), as amended. This includes mitigation, particularly any appendices to Terms and Conditions applicable to the activity, as well as record-keeping and reporting sufficient to allow BOEM and BSEE to comply with reporting and monitoring requirements under the 2020 NMFS BiOp; applicable Conditions of Approval (COAs); and any additional reporting required by BOEM or BSEE developed as a result of implementation of the 2020 NMFS BiOp, 2021 Amended Incidental Take Statement (ITS) and Revised Appendices, acceptance and implementation of the Reasonable and Prudent Alternative for the Rice's whale, and the Notification of Intention to Transit Rice's Whale Area COA. The 2020 NMFS BiOp and supporting documents (as amended) may be found here: <https://repository.library.noaa.gov/view/noaa/23738>.
  2. Immediately report all sightings and locations of injured or dead protected species (e.g., marine mammals and sea turtles) to the appropriate hotlines listed at <https://www.fisheries.noaa.gov/report> (phone numbers vary by state), as required in the 2020 NMFS BiOp and 2021 Revised Appendix C. If oil and gas industry activity is responsible for the injured or dead animal (e.g., injury or death was caused by a vessel strike, entrapment or entanglement), the responsible parties must notify BOEM and BSEE within 24 hours of the strike or entanglement/entrapment by email to [protectedspecies@boem.gov](mailto:protectedspecies@boem.gov) and [protectedspecies@bsee.gov](mailto:protectedspecies@bsee.gov), respectively.
  3. Notify BOEM and BSEE, as appropriate, of their intention to transit through the Rice's (formerly Bryde's in 2020 Biological Opinion and subsequent amendment) whale area (from 100- to 400- meter isobaths from 87.5° W to 27.5° N as described in the species' status review plus an additional 10 km around that area) for any activities related to this lease. If proposing to transit through any
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portion of the Rice's whale area, the lessee or operator must submit their notification of intention to transit to BOEM/BSEE ([protectedspecies@boem.gov](mailto:protectedspecies@boem.gov) and [protectedspecies@bsee.gov](mailto:protectedspecies@bsee.gov)) and obtain BOEM's concurrence to fulfill the reporting requirements of the 2020 NMFS BiOp, as amended. Additional reporting and transit requirements related to the Rice's whale area may be applied as a COA to any plan or permit issued under this lease.

- C. The lessee and its operators, personnel, and subcontractors, while undertaking activities authorized under this lease and all activities associated therein, must implement and comply with the specific mitigation measures outlined in the following Appendices of the 2020 NMFS BiOp and 2021 Amended ITS and Revised Appendices:
- Appendix A: "Seismic Survey Mitigation and Protected Species Observer Protocols"
  - Appendix B: "Gulf of Mexico Marine Trash and Debris Awareness and Elimination Survey Protocols"
  - Appendix C: "Vessel Strike Avoidance and Injured/Dead Aquatic Protected Species Reporting Protocols"
  - Appendix I: "Explosive Removal of Structure Measures"
  - Appendix J: "Sea Turtle Handling and Resuscitation Guidelines"
  - Moon Pool Monitoring COA – Attachment cited and included in Attachment 1 of the 2021 Amended ITS and Revised Appendices
  - Slack-line Precautions COA – Attachment cited and included in Attachment 1 of the 2021 Amended ITS and Revised Appendices
  - Reporting Requirements COA – Attachment cited and included in Attachment 1 of the 2021 Amended ITS and Revised Appendices
- D. Certain post-lease approvals (e.g., for activities proposing new and unusual technologies, certain seismic surveys and all geological and geophysical (G&G) surveys, including G&G surveys that utilize High Resolution Geophysical (HRG) acoustic sources) will require a step-down review by NMFS, as provided by the 2020 NMFS BiOp and 2021 Amended ITS, and additional mitigations to protect ESA-listed species may be applied at that time. Therefore, lessees need to notify BOEM prior to conducting any G&G surveys, including, for example, ancillary G&G surveys that utilize HRG acoustic sources. At the lessee's option, the lessee, its operators, personnel, and contractors may comply with the most current measures to protect species in place at the time an activity is undertaken under this lease, including but not limited to, new or updated versions of the 2020 NMFS BiOp, the 2021 ITS and Appendices, or through new or activity-specific consultations. The most current applicable terms and conditions and reasonable and prudent measures from the 2020 NMFS BiOp, 2021 Amended ITS and Appendices or other relevant consultations will be applied to all post-lease approvals. The lessee and its operators, personnel, and subcontractors will be required to comply with the mitigation measures identified in the above referenced 2020 NMFS BiOp and 2021 Amended ITS (including the Appendices), the Notification of Intention to Transit Rice's Whale Area COA and additional applicable measures in the COAs for their plans or permits.
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Stipulation No. 5 will be included, if applicable, in leases issued as a result of this lease sale, as shown on the map “Proposed Notice of Sale, Gulf of Mexico OCS Oil and Gas Lease Sale 259, March 2023, Stipulations and Deferred Blocks” included in the Proposed NOS package.

### Stipulation No. 5 Topographic Features

The stipulation provides for protection of the following banks through the applicable mitigation measures in the Western Planning Area:

Bank Name	No Activity Zone (defined by isobaths in meters)
<b>Shelf Edge Banks</b>	
West Flower Garden Bank	100 (Defined by 1/4 x 1/4 x 1/4 system)
East Flower Garden Bank	100 (Defined by 1/4 x 1/4 x 1/4 system)
MacNeil Bank	82
29 Fathom Bank	64
Rankin Bank	85
Bright Bank <sup>1</sup>	85
Stetson Bank	52
Appelbaum Bank	85
<b>Low-Relief Banks<sup>2</sup></b>	
Mysterious Bank	74, 76, 78, 80, 84
Coffee Lump	Various
Blackfish Ridge	70
Big Dunn Bar	65
Small Dunn Bar	65
32 Fathom Bank	52
Claypile Bank <sup>3</sup>	50
<b>South Texas Banks<sup>4</sup></b>	
Dream Bank	78, 82
Southern Bank	80
Hospital Bank	70
North Hospital Bank	68
Aransas Bank	70
South Baker Bank	70
Baker Bank	70

**Notes:**

1. Central Planning Area bank in the Gulf of Mexico with a portion of its “1-Mile Zone” and/or “3-Mile Zone” in the WPA.
2. Only paragraph A applies.
3. Paragraphs A and B apply. In paragraph B, monitoring of the effluent to determine the effect on the biota of Claypile Bank is required rather than shunting.
4. Only paragraphs A and B apply.

The stipulation provides for protection of the following banks through the applicable mitigation measures in the Central Planning Area:

<b>Bank Name</b>	<b>No Activity Zone (defined by isobaths in meters)</b>
Alderdice Bank	80
Bouma Bank	85
Bright Bank <sup>1</sup>	85
Diaphus Bank <sup>2</sup>	85
Elvers Bank	85
Ewing Bank	85
Fishnet Bank <sup>2</sup>	76
Geyer Bank	85
Jakkula Bank	85
McGrail Bank	85
Parker Bank	85
Rezak Bank	85
Sackett Bank <sup>2</sup>	85
Sidner Bank	85
Sonnier Bank	55
Sweet Bank <sup>3</sup>	85

**Notes:**

1. Gulf of Mexico CPA bank with a portion of its “3-Mile Zone” in the Gulf of Mexico Western Planning Area.
2. Only paragraphs A and B apply.
3. Only paragraph A applies.

The lessee and its operators, personnel, and subcontractors are responsible for carrying out the specific mitigation measures outlined in the most current Notice To Lessees and Operators (NTLs) as described at <https://www.boem.gov/guidance>, which provide guidance on how to follow the requirements of this stipulation (NTL No. 2009-G39). See the “Topographic Features Stipulation Map” and the figures in the “Western and Central Gulf of Mexico Topographic Features Stipulation Map package” on the Bureau of Ocean Energy Management website at <http://www.boem.gov/Topographic-Features-Stipulation-Map-Package/>. In addition to the foregoing, the lessee, its operators, personnel, and subcontractors, as applicable, must comply with the following:

- A. No activity, including the placement of structures, drilling rigs, pipelines, or anchoring, will be allowed within the listed isobath (“No Activity Zone”) of the banks listed above.
- B. Operations within the area shown as the “1,000-Meter Zone” on the “Topographic Features Stipulation Map” must be restricted by shunting all drill cuttings and drilling fluids to the bottom through a structurally sound downpipe that terminates at an appropriate distance, but no more than 10 meters, from the bottom.
- C. Operations within the area shown as the “1-Mile Zone” on the “Topographic Features Stipulation Map” must be restricted by shunting all drill cuttings and drilling fluids to the bottom through a structurally sound downpipe that terminates at an appropriate distance, but no more than 10 meters, from the bottom. Where a “1-Mile Zone” is designated, the “1,000-Meter Zone” in paragraph B is not designated. This restriction on operations also applies to

areas surrounding the Flower Garden Banks, namely the “4-Mile Zone” surrounding the East Flower Garden Bank and the West Flower Garden Bank.

- D. Operations within the area shown as “3-Mile Zone” on the “Topographic Features Stipulation Map” (<http://www.boem.gov/Topographic-Features-Stipulation-Map-Package/>) must be restricted by shunting all drill cuttings and drilling fluids from development operations to the bottom through a structurally sound downpipe that terminates at an appropriate distance, but no more than 10 meters, from the bottom. If more than two exploration wells are to be drilled from the same surface location within the “3-Mile Zone,” all drill cuttings and drilling fluids must be restricted by shunting to the bottom through a downpipe that terminates at an appropriate distance, but no more than 10 meters from the bottom.
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Stipulation No. 6 will be included in leases issued as a result of this lease sale in the Western and Central Planning Areas in the area beyond the U.S. Exclusive Economic Zone, formerly known as the Western Gap, as shown on the map “Proposed Notice of Sale, Gulf of Mexico OCS Oil and Gas Lease Sale 259, March 2023, Stipulations and Deferred Blocks” included in the Proposed NOS package.

### **Stipulation No. 6 United Nations Convention on the Law of the Sea Royalty Payment**

If the United States of America becomes a party to the 1982 United Nations Convention on the Law of the Sea (UNCLOS, or Convention) prior to or during the life of a lease issued by the U.S. Government on a block or portion of a block located beyond its Exclusive Economic Zone as defined in UNCLOS, and subject to such conditions that the Senate may impose through its constitutional role of advice and consent, then the following royalty payment lease provisions will apply to the lease so issued, consistent with Article 82 of UNCLOS:

- A. UNCLOS requires annual payments by coastal states party to the Convention with respect to all production at a site after the first five years of production at that site. Any such payments will be made by the U.S. Government and not the lessee.
  - B. For the purpose of this stipulation regarding payments by the lessee to the U.S. Government, each lease constitutes a separate site, whether or not a lease is committed to a unit.
  - C. For the purpose of this stipulation, the first production year begins on the first day of commercial production (excluding test production). Once a production year begins, it will run for a period of 365 days, whether or not the lease produces continuously in commercial quantities. Subsequent production years will begin on the anniversary date of first production.
  - D. If total lease production during the first five years following first production exceeds the total royalty suspension volume(s) provided in the lease terms, or through application and approval of relief from royalties, the provisions of this stipulation will not apply. If, after the first five years of production, but prior to termination of this lease, production exceeds the total royalty suspension volume(s) provided in the lease terms, or through application and approval of relief from royalties, the provisions of this stipulation no longer will apply effective the day after the suspension volumes have been produced.
  - E. If, in any production year after the first five years of lease production, due to lease royalty suspension provisions or through application and approval of relief from royalties, no lease production royalty is due or payable by the lessee to the U.S. Government, then the lessee will be required to pay, as stipulated in paragraph I below, UNCLOS-related royalty in the following amount so that the required Convention payments may be made by the U.S. Government as provided under the Convention:
    1. In the sixth year of production, one percent of the value of the sixth year’s lease production saved, removed, or sold from the leased area;
    2. After the sixth year of production, the Convention-related royalty payment rate will increase by one percent for each subsequent year until the twelfth year and will remain at seven percent thereafter until lease termination.
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- F. If the United States becomes a party to UNCLOS after the fifth year of production from the lease, and a lessee is required, as provided herein, to pay UNCLOS-related royalty, the amount of the royalty due will be based on the above payment schedule as determined from first production. For example, the U.S. Government's accession to UNCLOS in the tenth year of lease production would result in an UNCLOS-related royalty payment of five percent of the value of the tenth year's lease production, saved, removed, or sold from the lease. The following year, a payment of six percent would be due and so forth, as stated above, up to a maximum of seven percent per year.
  - G. If, in any production year after the first five years of lease production, due to lease royalty suspension provisions or through application and approval of relief from royalties, lease production royalty is paid but is less than the payment provided for by the Convention, then the lessee will be required to pay to the U.S. Government the Convention-related royalty in the amount of the shortfall.
  - H. In determining the value of production from the lease if a payment of Convention-related royalty is to be made, the provisions of the lease and applicable regulations will apply.
  - I. The UNCLOS-related royalty payment(s) required under paragraphs E through G of this stipulation, if any, will not be paid monthly but will be due and payable to the Office of Natural Resources Revenue on or before 30 days after expiration of the relevant production lease year.
  - J. The lessee will receive royalty credit in the amount of the UNCLOS-related royalty payment required under paragraphs E through G of this stipulation, which will apply to royalties due under the lease for which the Convention-related royalty accrued in subsequent periods as non-Convention-related royalty payments become due.
  - K. Any lease production for which the lessee pays no royalty other than a Convention-related requirement, due to lease royalty suspension provisions or through application and approval of relief from royalties, will count against the lease's applicable royalty suspension or relief volume.
  - L. The lessee will not be allowed to apply or recoup any unused UNCLOS-related royalty credit(s) associated with a lease that has been relinquished or terminated.
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Stipulation No. 7 will be included in leases issued as a result of this lease sale that are wholly or partially located within three statute miles of the Maritime and Continental Shelf Boundary with Mexico, defined as the “Boundary Area” and as shown on the map “Proposed Notice of Sale, Gulf of Mexico OCS Oil and Gas Lease Sale 259, March 2023, Stipulations and Deferred Blocks” included in the Proposed NOS package. The term “Boundary Area” means an area comprised of any and all blocks in the Western and Central Planning Areas that are wholly or partially located within three statute miles of the Maritime and Continental Shelf Boundary with Mexico, as the Maritime Boundary is delimited in the Treaty to Resolve Pending Boundary Differences and Maintain the Rio Grande and the Colorado River as the International Boundary, signed November 24, 1970. The Treaty on Maritime Boundaries between the United Mexican States and the United States of America was signed on May 4, 1978; and, as the continental shelf in the Western Gulf of Mexico beyond 200 nautical miles is delimited in the Treaty between the Government of the United Mexican States and the Government of the United States of America, signed on June 9, 2000.

**Stipulation No. 7      Agreement between the United States of America and the United Mexican States Concerning Transboundary Hydrocarbon Reservoirs in the Gulf of Mexico**

*The Agreement between the United States of America and the United Mexican States Concerning Transboundary Hydrocarbon Reservoirs in the Gulf of Mexico* (Agreement), signed on February 20, 2012, entered into full force on July 18, 2014. All activities carried out under this lease must comply with the Agreement and any law, regulation, or condition of approval of a unitization agreement, plan, or permit adopted by the United States to implement the Agreement before or after issuance of this lease. The lessee is subject to, and must comply with all terms of the Agreement, including, but not limited to, the following requirements:

- A. When the United States is obligated under the Agreement to provide information that may be considered confidential, commercial, or proprietary to a third-party or the Government of the United Mexican States, if the lessee holds such information, the lessee is required to provide it to the lessor as provided for in the Agreement;
  - B. When the United States is obligated under the Agreement to prohibit commencement of production on a lease, Bureau of Safety and Environmental Enforcement (BSEE) will direct a Suspension of Production with which the lessee must comply;
  - C. When the United States is obligated under the Agreement to seek development of a transboundary reservoir under a unitization agreement, the lessee is required to cooperate and explore the feasibility of such a development with a licensee of the United Mexican States;
  - D. When there is a proven transboundary reservoir, as defined by the Agreement, and the relevant parties, including the lessee, fail to conclude a unitization agreement, the lessee’s rights to produce the hydrocarbon resources will be limited by the terms of the Agreement;
  - E. If the lessee seeks to jointly explore or develop a transboundary reservoir with a licensee of the United Mexican States, the lessee is required to submit to BSEE information and documents that comply with and contain terms consistent with the Agreement, including, but not limited to, a Proposed unitization agreement that designates the unit operator for the
-

transboundary unit and provides for the allocation of production and any redetermination of the allocation of production; and

- F. The lessee is required to comply with and abide by determinations issued as a result of the Agreement's dispute resolution process on, among other things, the existence of a transboundary reservoir, and the allocation and/or reallocation of production.

The lessee and its operators, personnel, and subcontractors are required to comply with these and any other additional measures necessary to implement the provisions of the Agreement, including, but not limited to, conditions of approval for their plans and permits for activities related to any transboundary reservoir or geologic structure subject to the Agreement.

A copy of the Agreement is attached to this lease. The lessee accepts the risk that a provision of the Agreement or any United States law, regulation, or condition of approval of a unitization agreement, plan, or permit implementing the Agreement may increase or decrease the lessee's obligations and rights under the lease. The summary of provisions of the Agreement set forth above is provided for the lessee's reference. To the extent this summary differs or conflicts with the express language of the Agreement or implementing regulations, the provisions of the Agreement and regulations are incorporated by reference in their entirety and will control and be enforceable as binding provisions of this lease.



Stipulation No. 8 will be included, if applicable, in leases issued as a result of this lease sale, as shown on the map “Proposed Notice of Sale, Gulf of Mexico OCS Oil and Gas Lease Sale 259, March 2023, Stipulations and Deferred Blocks” included in the Proposed NOS package.

**Stipulation No. 8    Live Bottom**

- A. For the purpose of this stipulation, “live bottom areas” are defined as seagrass communities or those areas that contain biological assemblages consisting of sessile invertebrates such as sea fans, sea whips, hydroids, anemones, ascidians, sponges, bryozoans, or corals living upon and attached to naturally occurring hard or rocky formations with rough, broken, or smooth topography; or areas whose lithology favors the accumulation of turtles, fish, and other fauna. Live bottom features may include Pinnacle Trend features, low-relief features, or potentially sensitive biological features.
  - B. Prior to any drilling activities or the construction or placement of any structure for exploration or development on this lease, including but not limited to, anchoring, well drilling and pipeline and platform placement, the lessee will submit to the Bureau of Ocean Energy Management (BOEM) Gulf of Mexico Regional Director (RD) a live bottom survey report containing a bathymetry map prepared using remote-sensing techniques. The bathymetry map must be prepared to determine the presence or absence of live bottoms that could be impacted by the proposed activity. This map must encompass such an area of the seafloor where surface-disturbing activities, including anchoring, may occur.
  - C. If it is determined that the live bottoms might be adversely impacted by the proposed activity, the BOEM Gulf of Mexico RD will require the lessee to undertake any measure deemed economically, environmentally, and technically feasible to protect the live bottom areas. These measures may include, but are not limited to, relocation of operations and monitoring to assess the impact of the activity on the live bottom areas.
-

Stipulation No. 9 will be included, if applicable, in leases issued as a result of this lease sale on blocks located south of and within 15 miles of Baldwin County, Alabama, as shown on the map “Proposed Notice of Sale, Gulf of Mexico OCS Oil and Gas Lease Sale 259, March 2023, Stipulations and Deferred Blocks” included in the Proposed NOS package.

**Stipulation No. 9      Blocks South of Baldwin County, Alabama**

- A. To minimize visual impacts from development operations on this block, the lessee will contact lessees and operators of leases in the vicinity prior to submitting a Development Operations Coordination Document (DOCD) to determine if existing or planned surface production structures can be shared. If feasible, the lessee’s DOCD should reflect the results of any resulting sharing agreement, propose the use of subsea technologies, or propose another development scenario that does not involve new surface structures.
  - B. If the lessee cannot formulate a feasible development scenario that does not call for new surface structure(s), the lessee’s DOCD should ensure that they are the minimum distance necessary for the proper development of the block and that they will be constructed and placed using orientation, camouflage, or other design measures in such a manner as to limit their visibility from shore.
  - C. The Bureau of Ocean Energy Management (BOEM) will review and make decisions on the lessee’s DOCD in accordance with applicable Federal regulations and BOEM assessments, and in consultation with the State of Alabama (Geological Survey/Oil and Gas Board).
-

Stipulation No. 10 may be included in leases issued as a result of this lease sale on the blocks noted below:

Area	OCS Block
Mississippi Canyon	210
	437, 481
	692, 735, 736
	723
	895, 939, 983
DeSoto Canyon	397, 441*
Walker Ridge	96, 97
	249, 293, 294
	507, 550, 551, 552, 595, 596
	673, 674, 717, 718, 761, 762, 763
Keathley Canyon	644, 645, 646, 688, 689, 690, 732, 733, 734
	832, 876
Viosca Knoll	826, 870
Green Canyon	477
	719, 720, 764
	780
	786, 787, 788
	816, 860, 861, 904

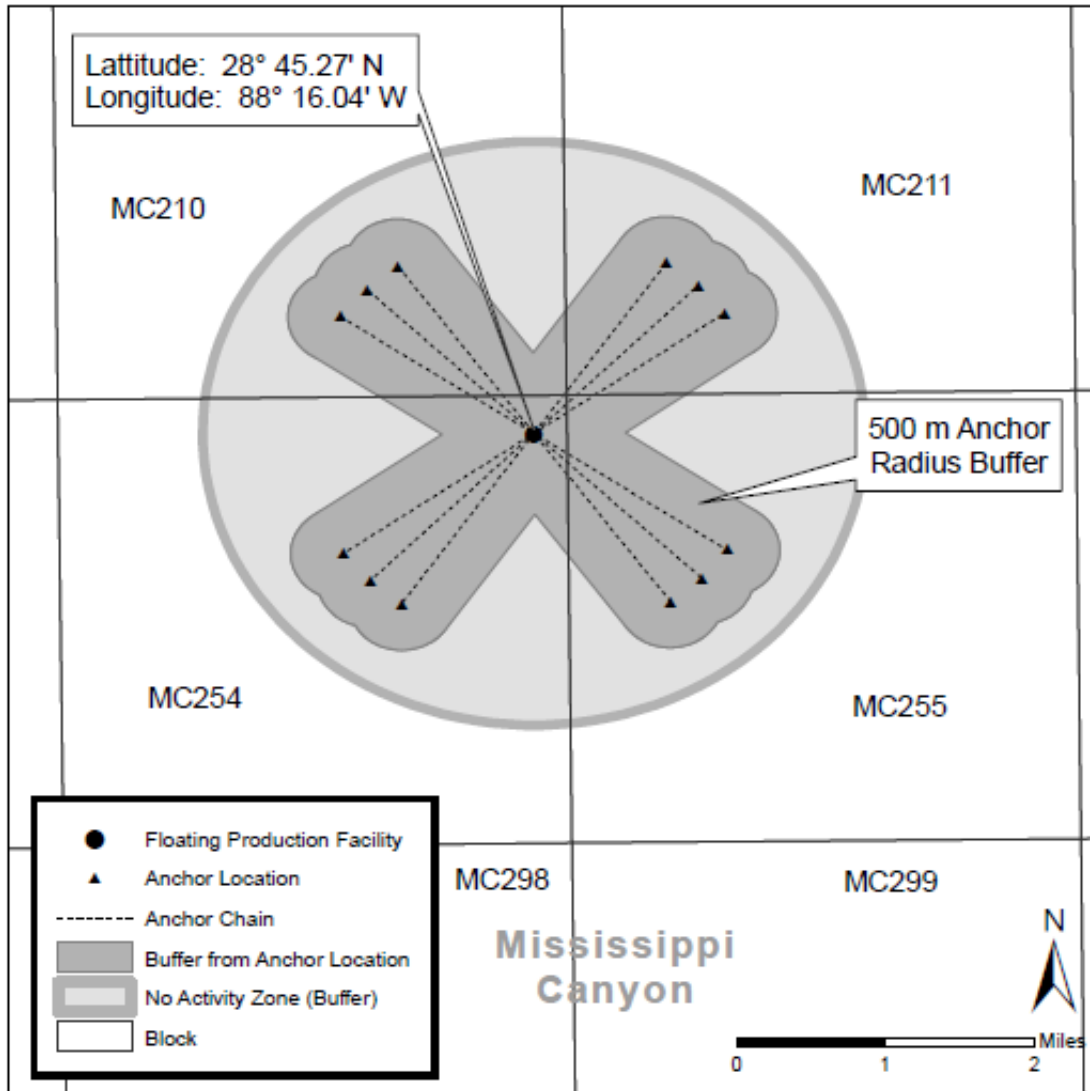
\*DeSoto Canyon 397 and 441 are displayed on the Mississippi Canyon map with blocks 437, 481.

#### **Stipulation No. 10 Restrictions due to Rights-of-Use and Easements for Floating Production Facilities**

The lessee may not conduct activities, including, but not limited to, the construction and use of structures, operation of drilling rigs, laying of pipelines, and/or anchoring on the seafloor or in the water column within the areas depicted by the attached map(s). Nevertheless, sub-seabed activities that are part of exploration, development, and production activities from outside the areas depicted on the attached maps may be allowed within the areas depicted by the attached map(s), including the use of directional drilling or other techniques.

UNITED STATES DEPARTMENT OF THE INTERIOR  
BUREAU OF OCEAN ENERGY MANAGEMENT  
GULF OF MEXICO OCS REGION  
*Blocks with Stipulations*

**MISSISSIPPI CANYON, BLOCK 210**

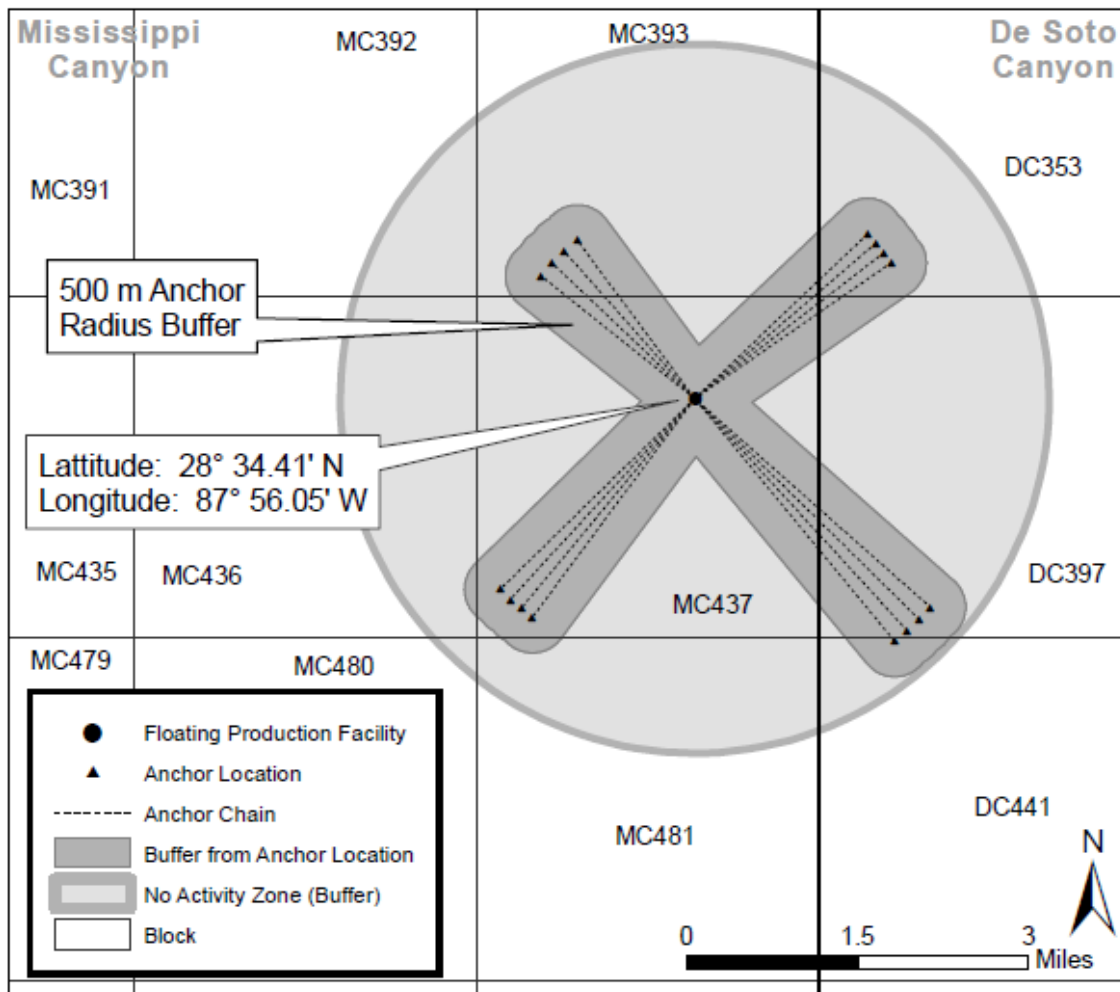


**Region-wide Gulf of Mexico Sale 259**

The data shown are an approximation of the location of the infrastructure and should not be used for final evaluation.

UNITED STATES DEPARTMENT OF THE INTERIOR  
 BUREAU OF OCEAN ENERGY MANAGEMENT  
 GULF OF MEXICO OCS REGION  
*Blocks with Stipulations*

**MISSISSIPPI CANYON, BLOCK 437 AND 481  
 DESOTO CANYON, BLOCK 397 AND 441**



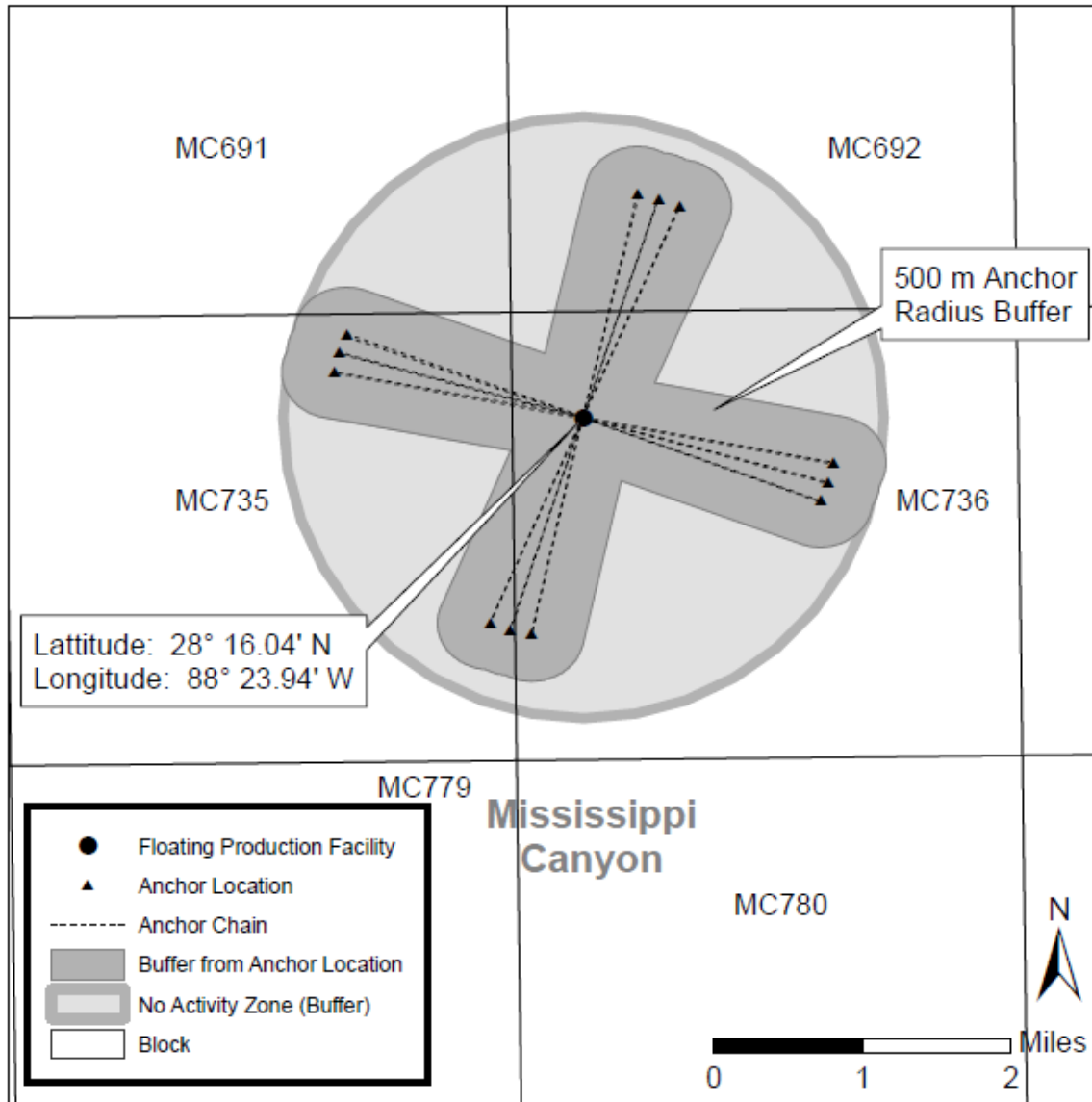
**Region-wide Gulf of Mexico Sale 259**

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UNITED STATES DEPARTMENT OF THE INTERIOR  
BUREAU OF OCEAN ENERGY MANAGEMENT  
GULF OF MEXICO OCS REGION

*Blocks with Stipulation*

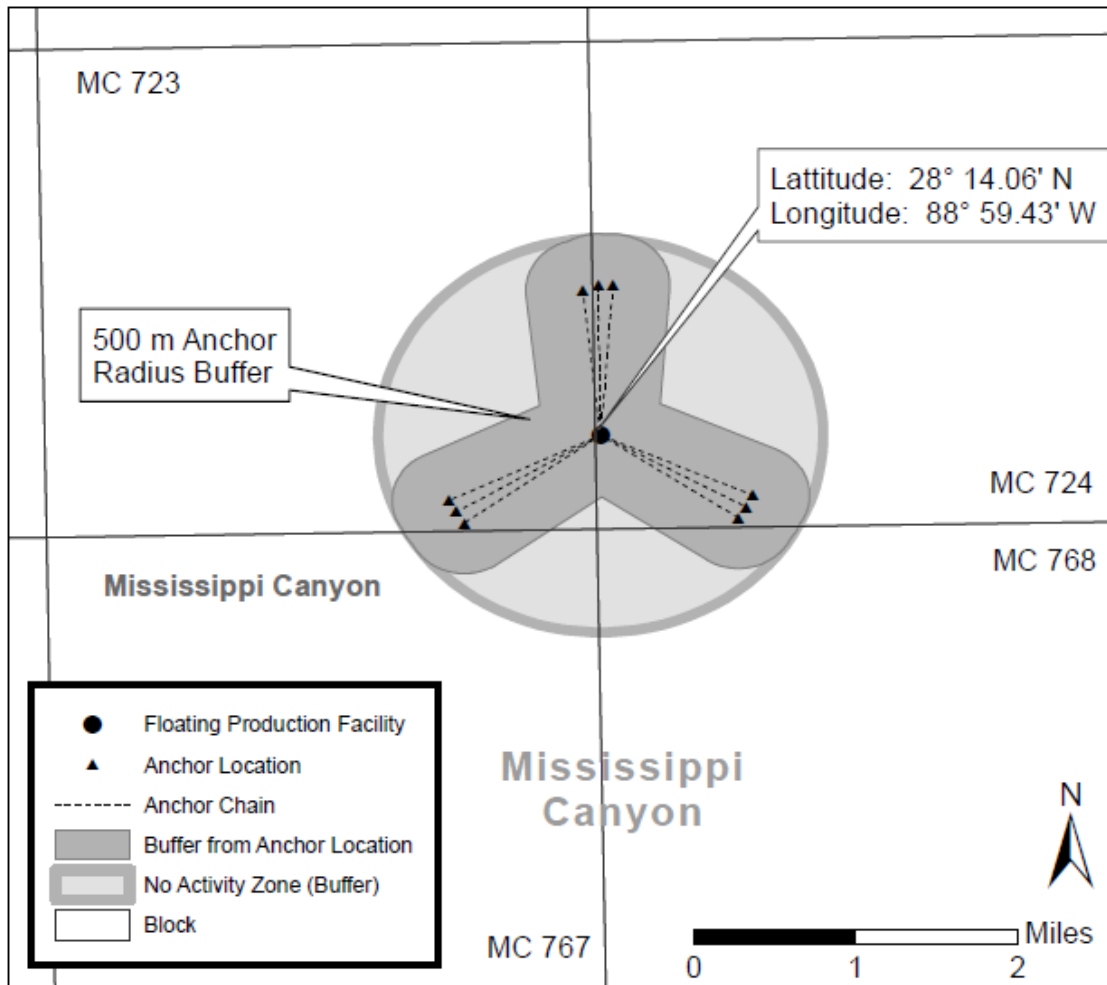
**MISSISSIPPI CANYON, BLOCKS 692, 735 and 736**



**Region-wide Gulf of Mexico Sale 259**

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UNITED STATES DEPARTMENT OF THE INTERIOR  
BUREAU OF OCEAN ENERGY MANAGEMENT  
GULF OF MEXICO OCS REGION  
*Blocks with Stipulations*  
**MISSISSIPPI CANYON, BLOCK 723**

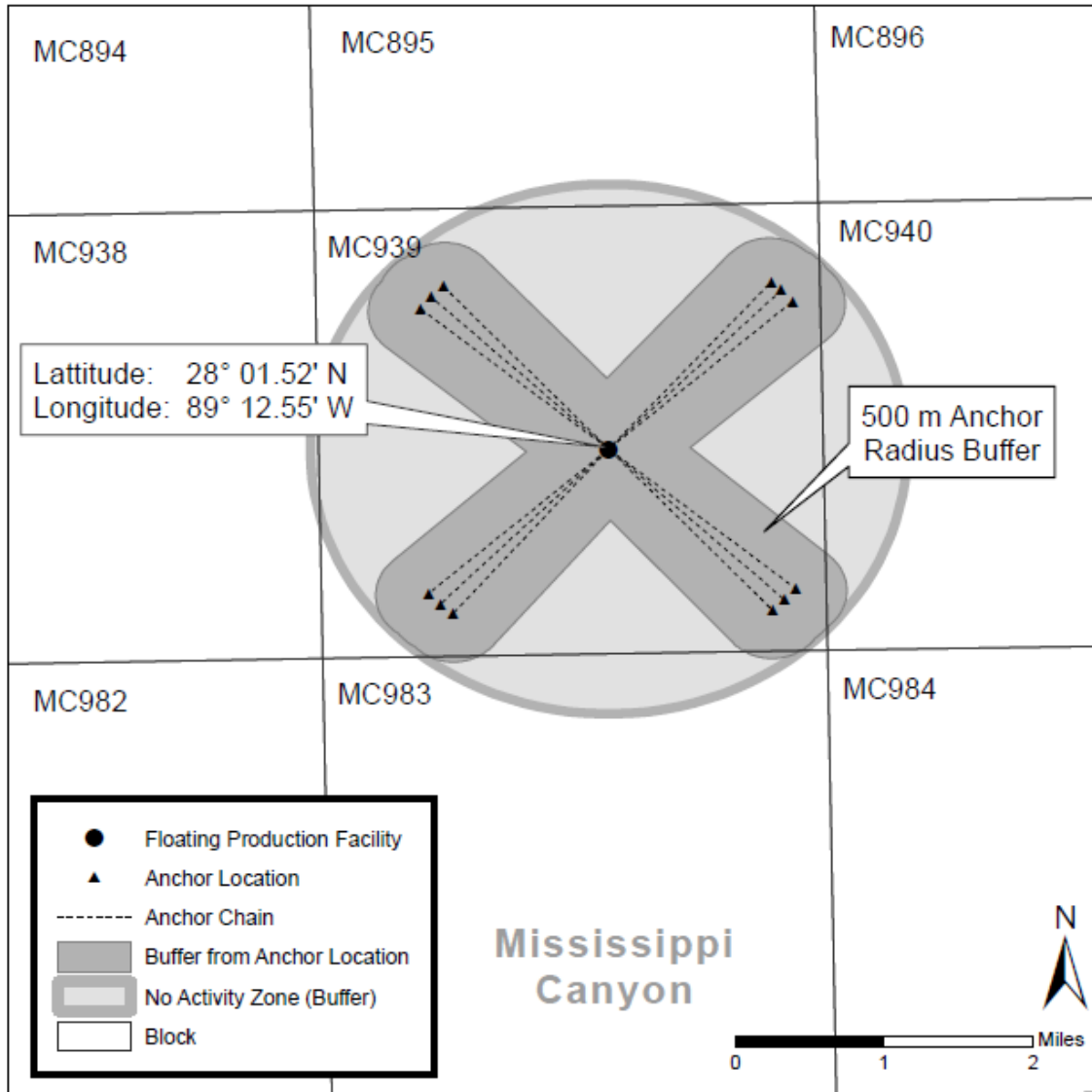


Region-wide Gulf of Mexico Sale 259

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UNITED STATES DEPARTMENT OF THE INTERIOR  
BUREAU OF OCEAN ENERGY MANAGEMENT  
GULF OF MEXICO OCS REGION  
*Blocks with Stipulations*

**MISSISSIPPI CANYON, BLOCKS 895, 939 and 983**



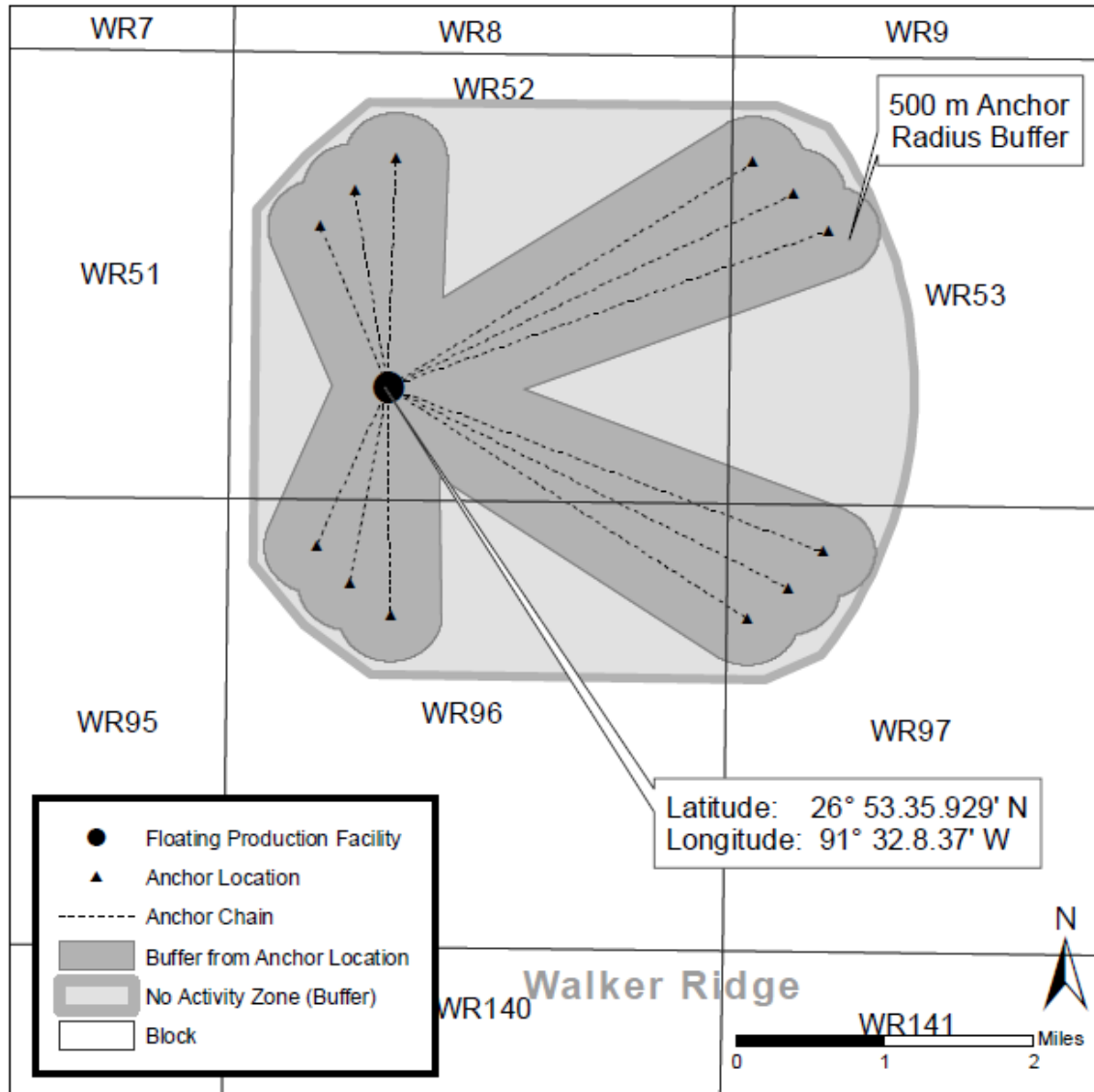
**Region-wide Gulf of Mexico Sale 259**

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UNITED STATES DEPARTMENT OF THE INTERIOR  
BUREAU OF OCEAN ENERGY MANAGEMENT  
GULF OF MEXICO OCS REGION  
*Blocks with Stipulations*

**WALKER RIDGE, BLOCKS 96 AND 97**



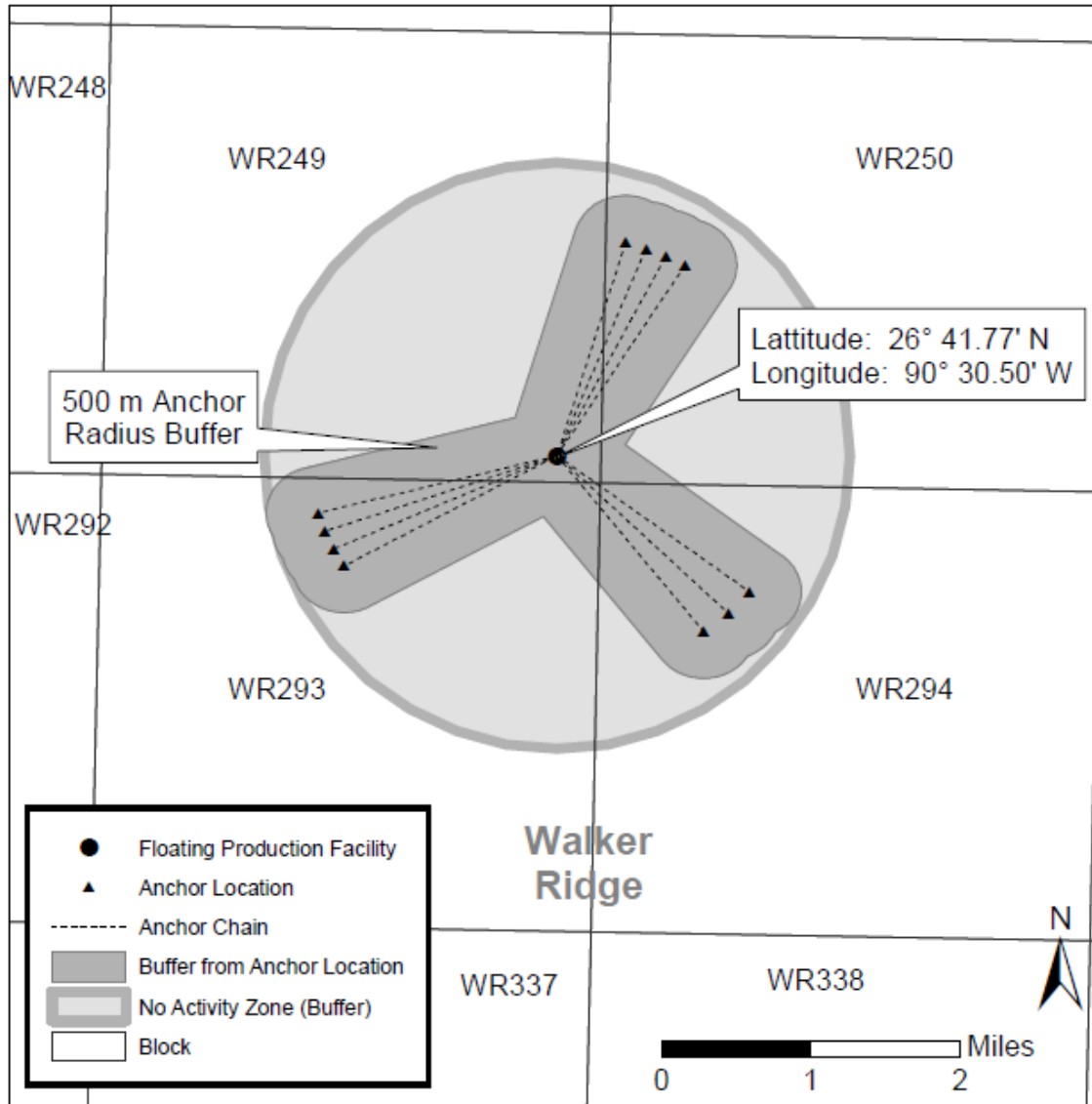
**Region-wide Gulf of Mexico Sale 259**

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UNITED STATES DEPARTMENT OF THE INTERIOR  
BUREAU OF OCEAN ENERGY MANAGEMENT  
GULF OF MEXICO OCS REGION

*Blocks with Stipulation*

**WALKER RIDGE, BLOCKS 249, 293 and 294**



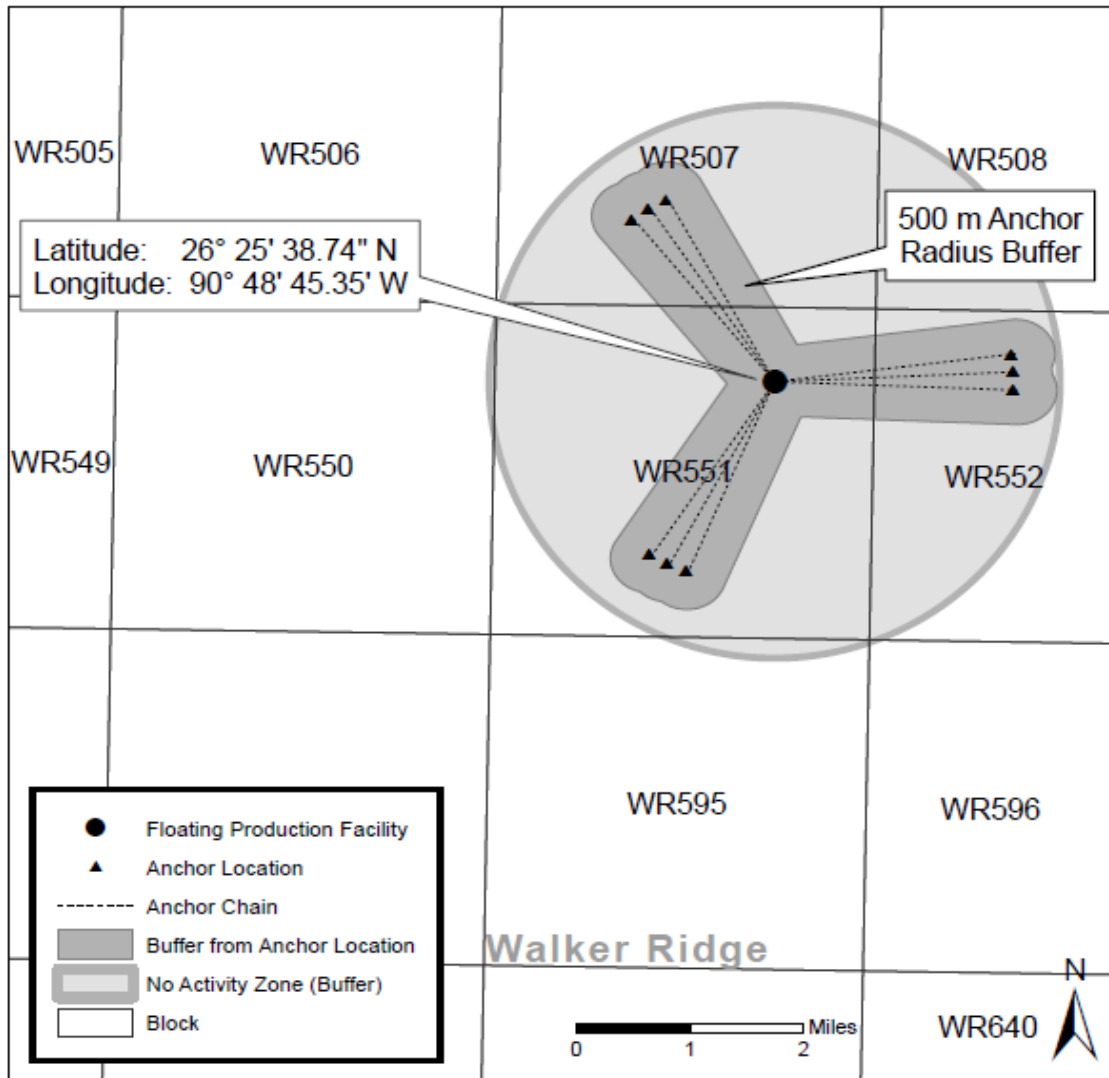
Region-wide Gulf of Mexico Sale 259

The data shown are an approximation of the location of the infrastructure and should not be used for final evaluation.  
Office of Leasing and Plans - Mapping and Automation Section | MAS202200315 | 31 AUGUST 2022

UNITED STATES DEPARTMENT OF THE INTERIOR  
BUREAU OF OCEAN ENERGY MANAGEMENT  
GULF OF MEXICO OCS REGION

*Blocks with Stipulations*

**WALKER RIDGE, BLOCKS 507, 550, 551, 552, 595 and 596**



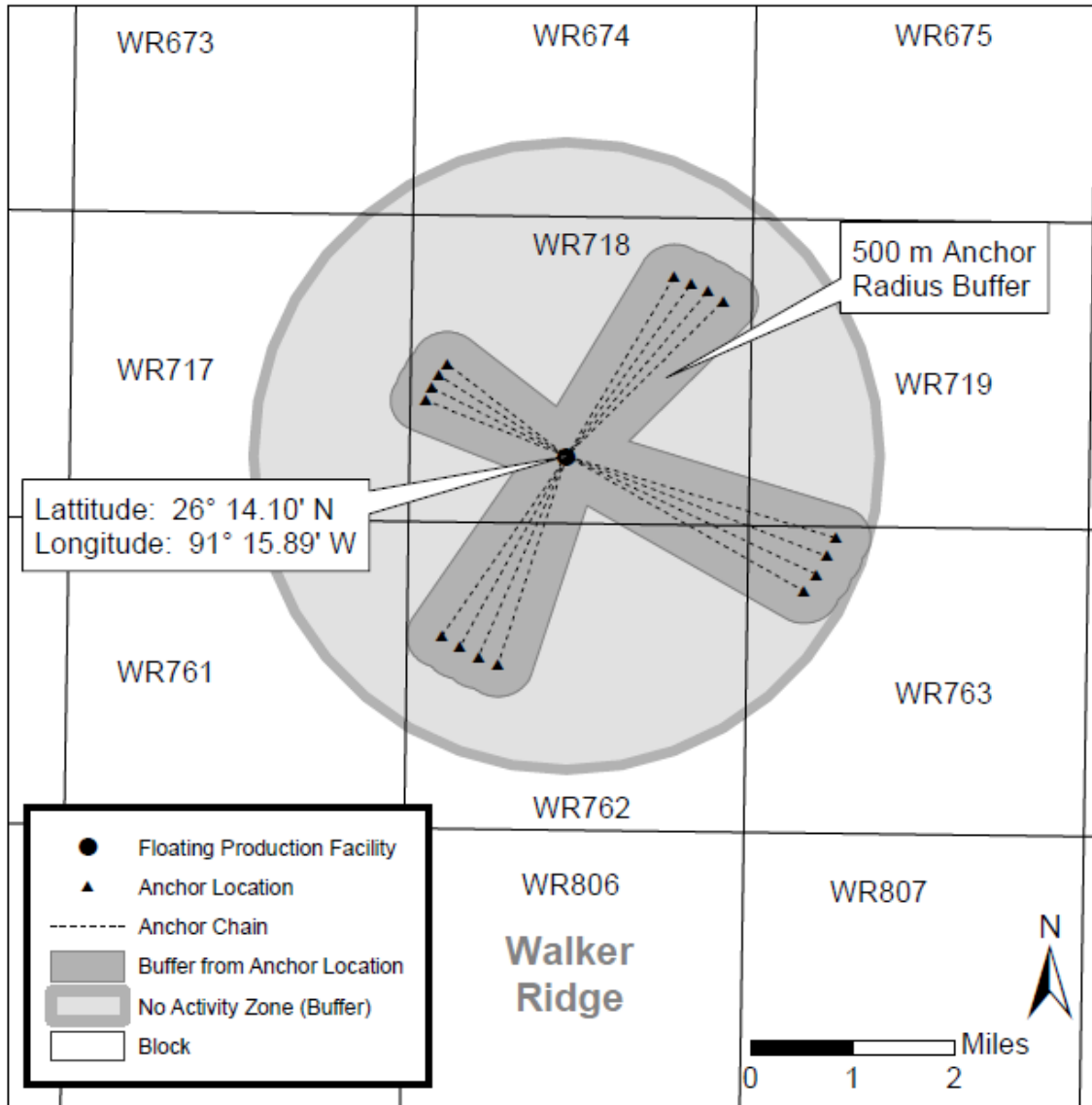
Region-wide Gulf of Mexico Sale 259

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UNITED STATES DEPARTMENT OF THE INTERIOR  
BUREAU OF OCEAN ENERGY MANAGEMENT  
GULF OF MEXICO OCS REGION

*Blocks with Stipulation*

**WALKER RIDGE, BLOCKS 673, 674, 717, 718,  
761, 762 and 763**



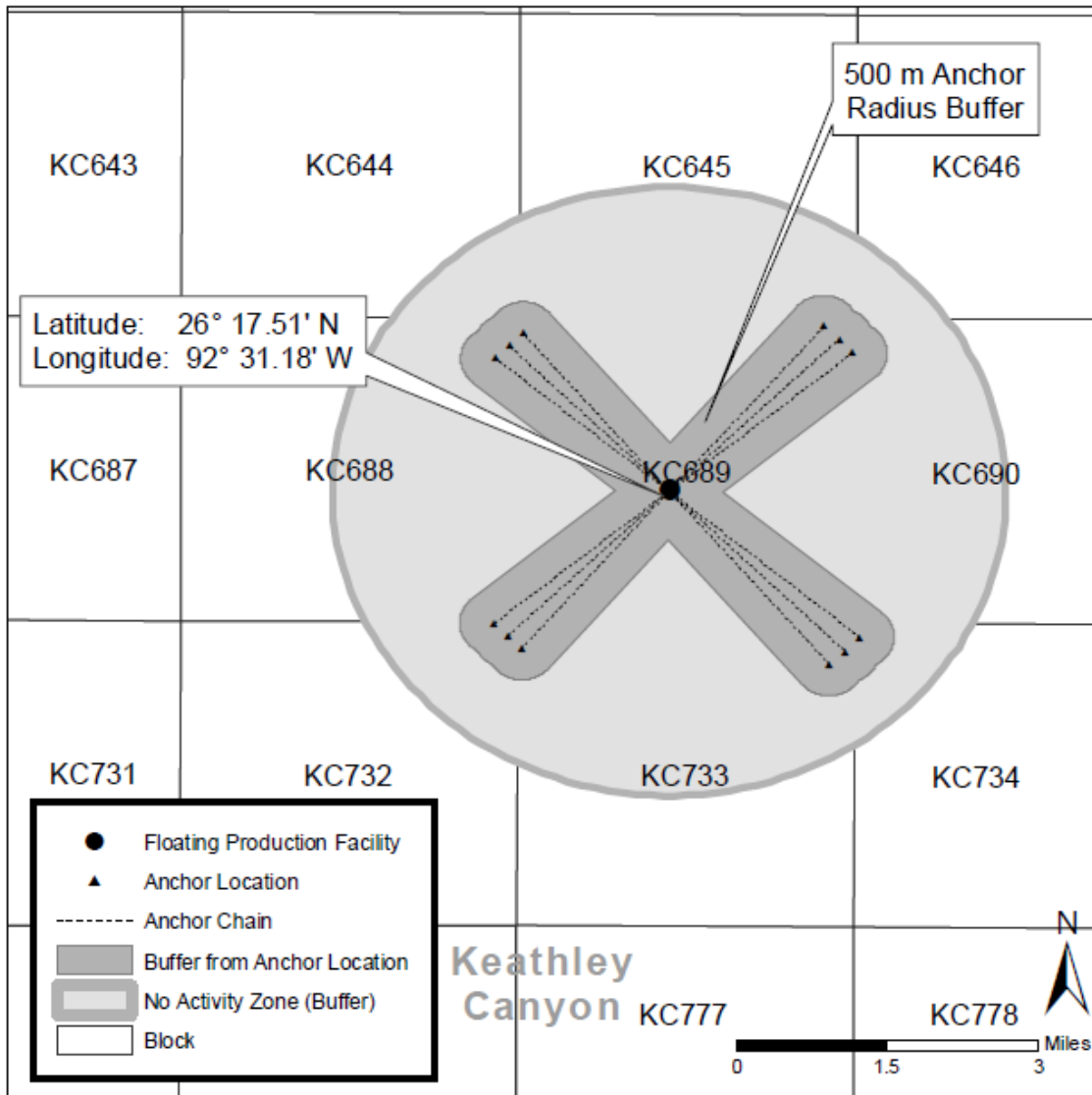
Region-wide Gulf of Mexico Sale 259

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UNITED STATES DEPARTMENT OF THE INTERIOR  
BUREAU OF OCEAN ENERGY MANAGEMENT  
GULF OF MEXICO OCS REGION

*Blocks with Stipulations*

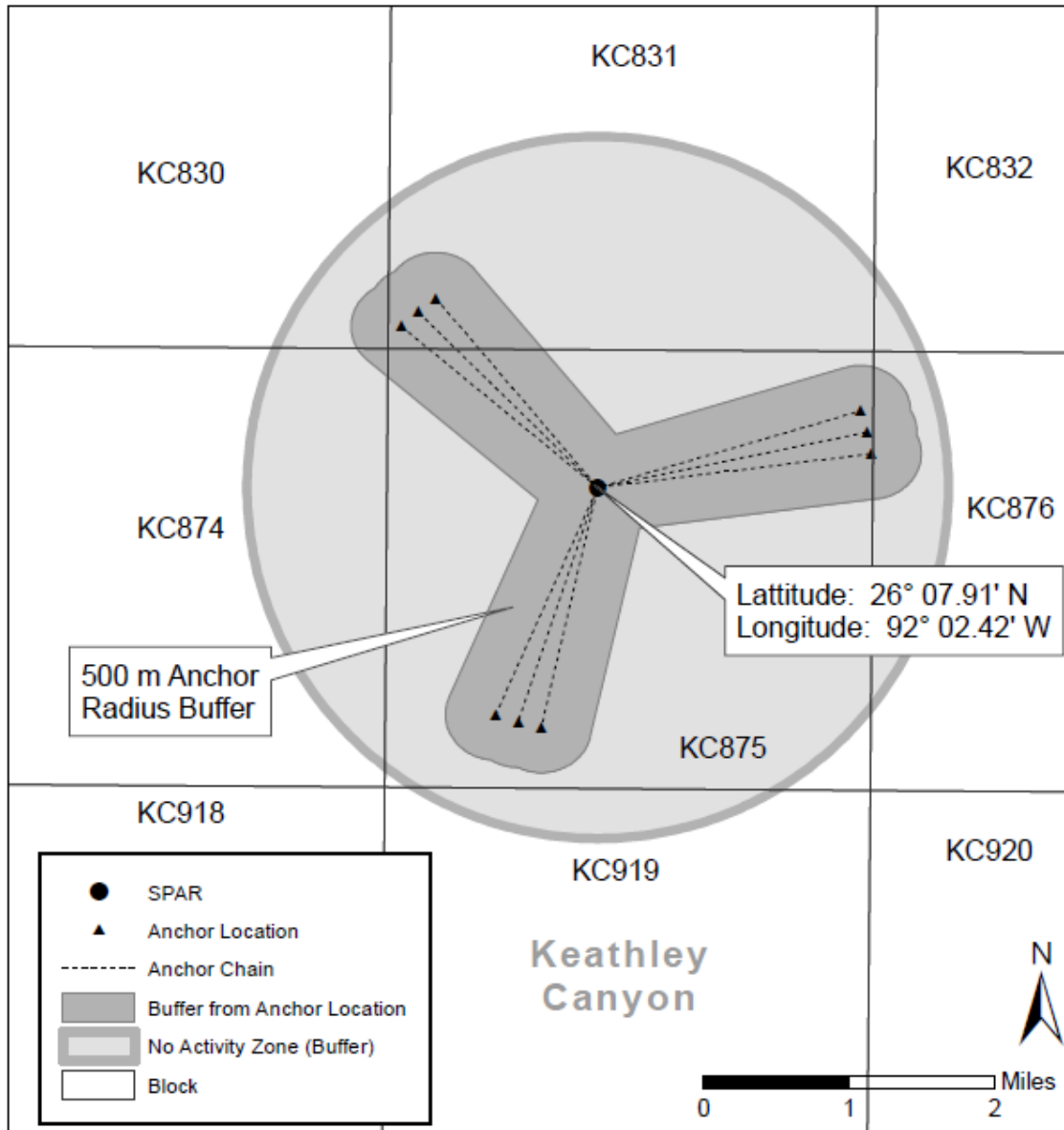
**KEATHLEY CANYON, BLOCKS 644, 645, 646, 688,  
689, 690, 732, 733 and 734**



Region-wide Gulf of Mexico Sale 259

The data shown are an approximation of the location of the infrastructure and should not be used for final evaluation.

UNITED STATES DEPARTMENT OF THE INTERIOR  
BUREAU OF OCEAN ENERGY MANAGEMENT  
GULF OF MEXICO OCS REGION  
*Blocks with Stipulations*  
**KEATHLEY CANYON, BLOCK 832 AND 876**



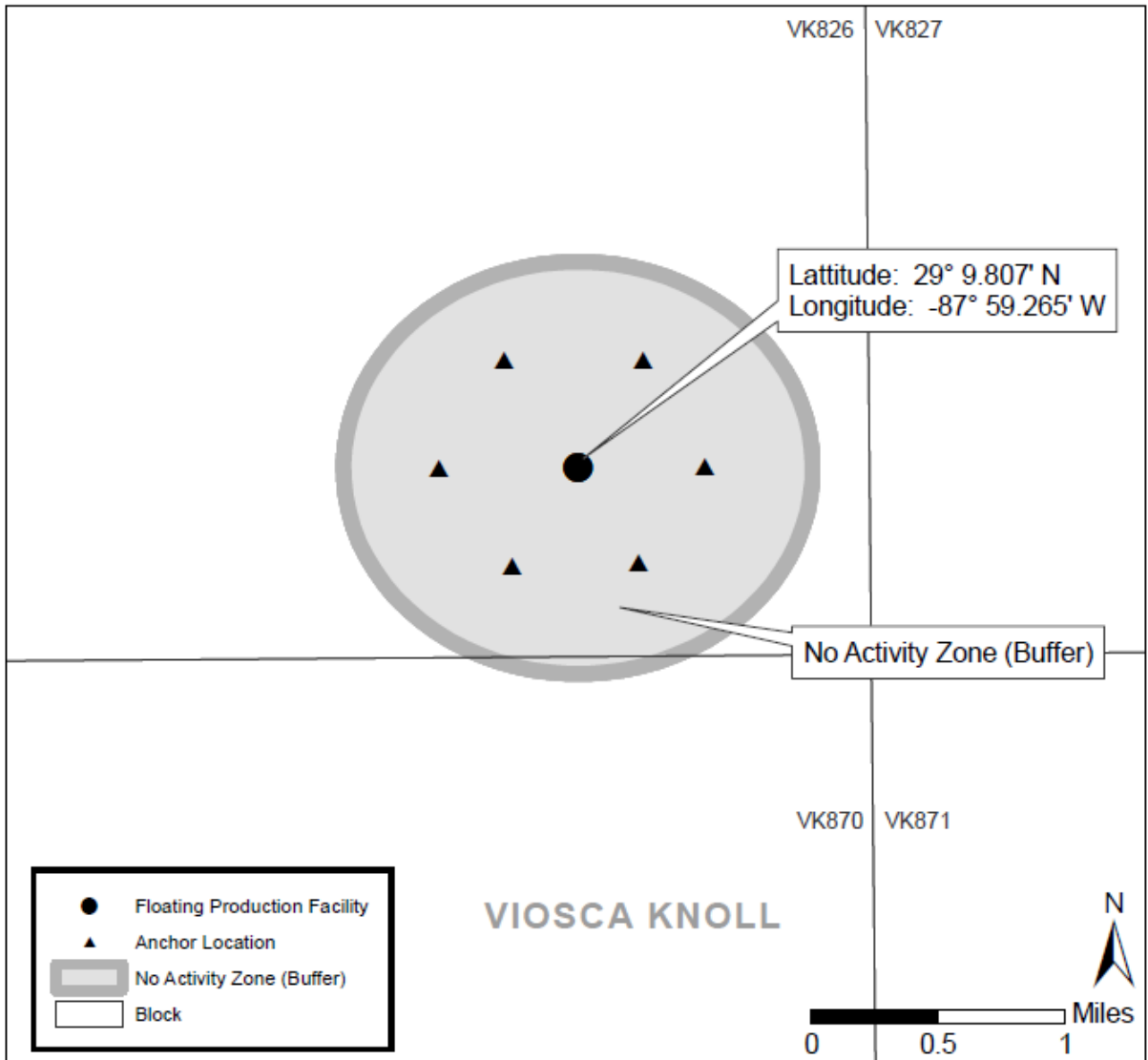
**Region-wide Gulf of Mexico Sale 259**

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UNITED STATES DEPARTMENT OF THE INTERIOR  
BUREAU OF OCEAN ENERGY MANAGEMENT  
GULF OF MEXICO OCS REGION

*Blocks with Stipulations*

**VIOSCA KNOLL, BLOCK 826 AND 870**

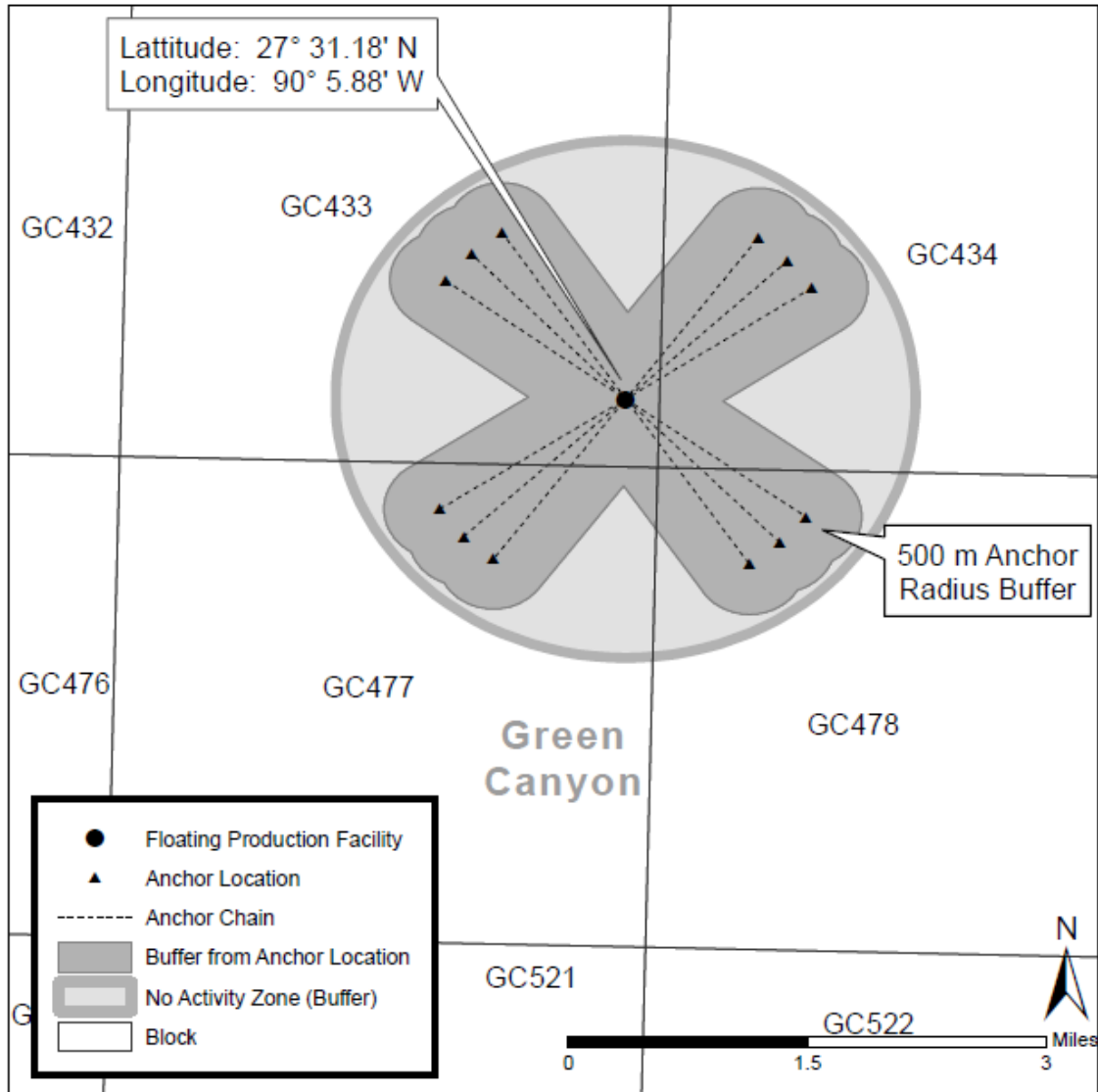


Region-wide Gulf of Mexico Sale 259

The data shown are an approximation of the location of the infrastructure and should not be used for final evaluation.

UNITED STATES DEPARTMENT OF THE INTERIOR  
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GULF OF MEXICO OCS REGION  
*Blocks with Stipulations*

**GREEN CANYON, BLOCK 477**



**Region-wide Gulf of Mexico Sale 259**

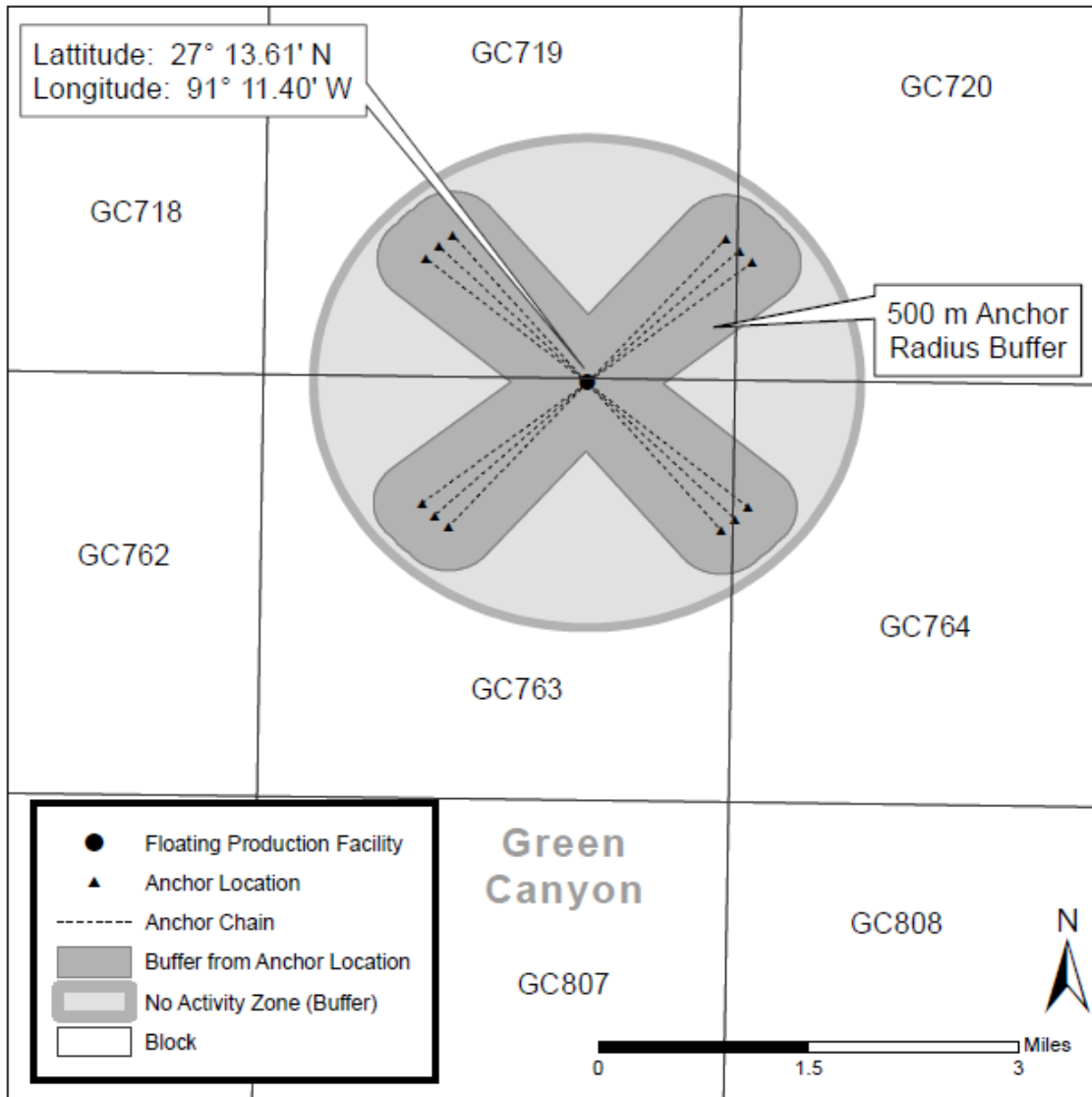
The data shown are an approximation of the location of the infrastructure and should not be used for final evaluation.

Office of Leasing and Plans - Mapping and Automation Section | MAS202200018 | 31 AUGUST 2022



UNITED STATES DEPARTMENT OF THE INTERIOR  
BUREAU OF OCEAN ENERGY MANAGEMENT  
GULF OF MEXICO OCS REGION  
*Blocks with Stipulations*

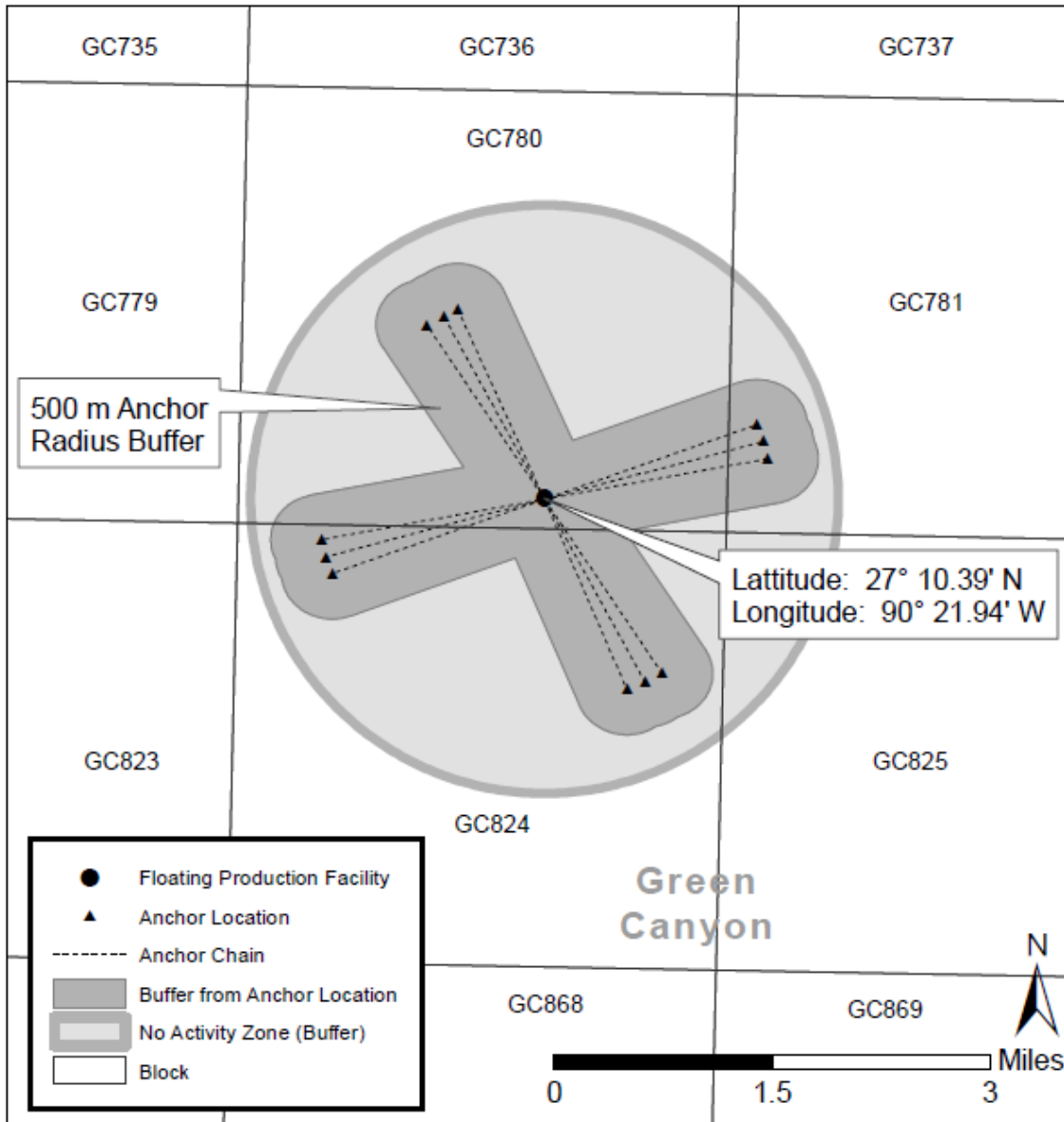
**GREEN CANYON, BLOCKS 719, 720, AND 764**



**Region-wide Gulf of Mexico Sale 259**

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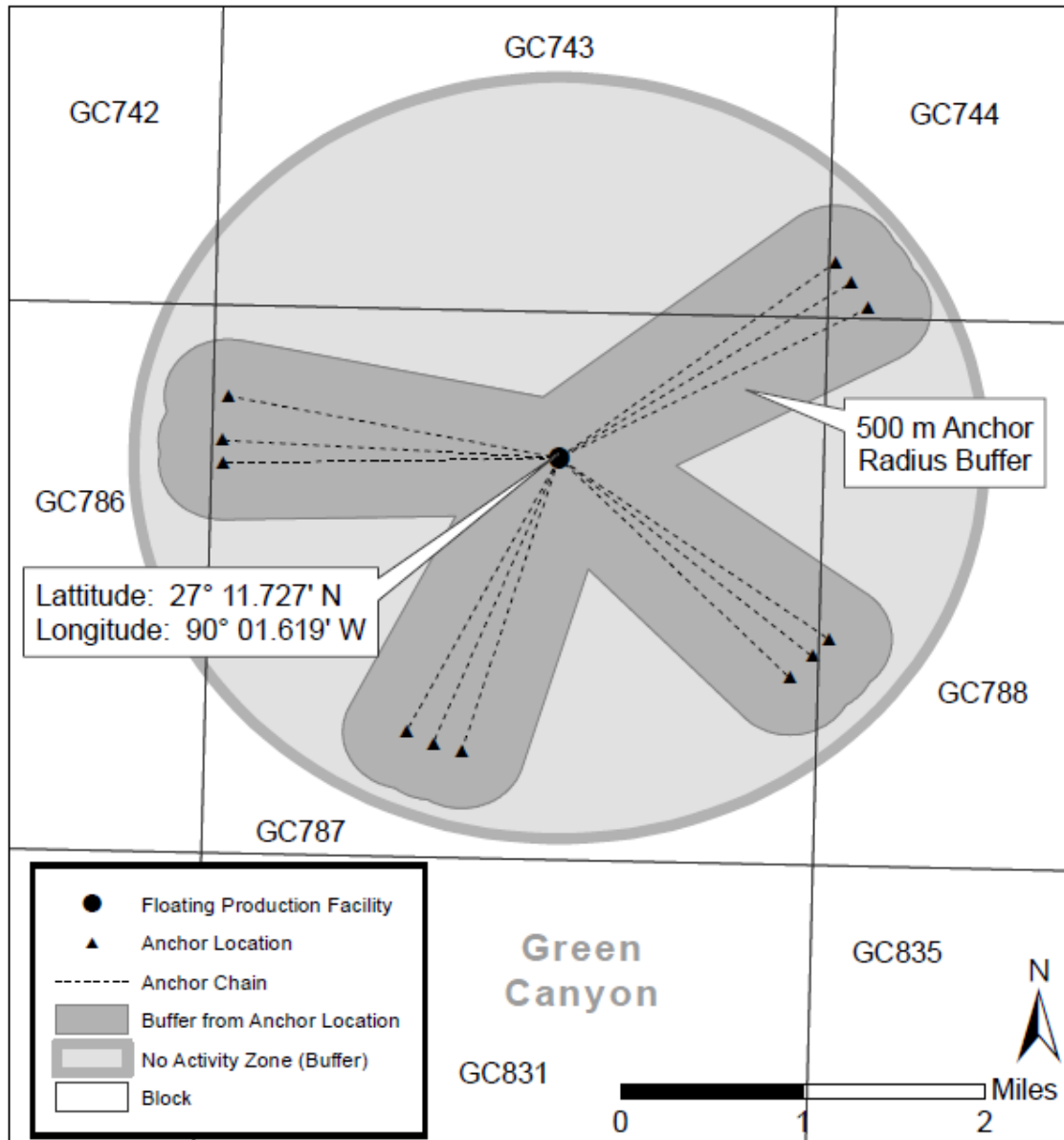
UNITED STATES DEPARTMENT OF THE INTERIOR  
BUREAU OF OCEAN ENERGY MANAGEMENT  
GULF OF MEXICO OCS REGION  
*Blocks with Stipulations*  
**GREEN CANYON, BLOCK 780**



Region-wide Gulf of Mexico Sale 259

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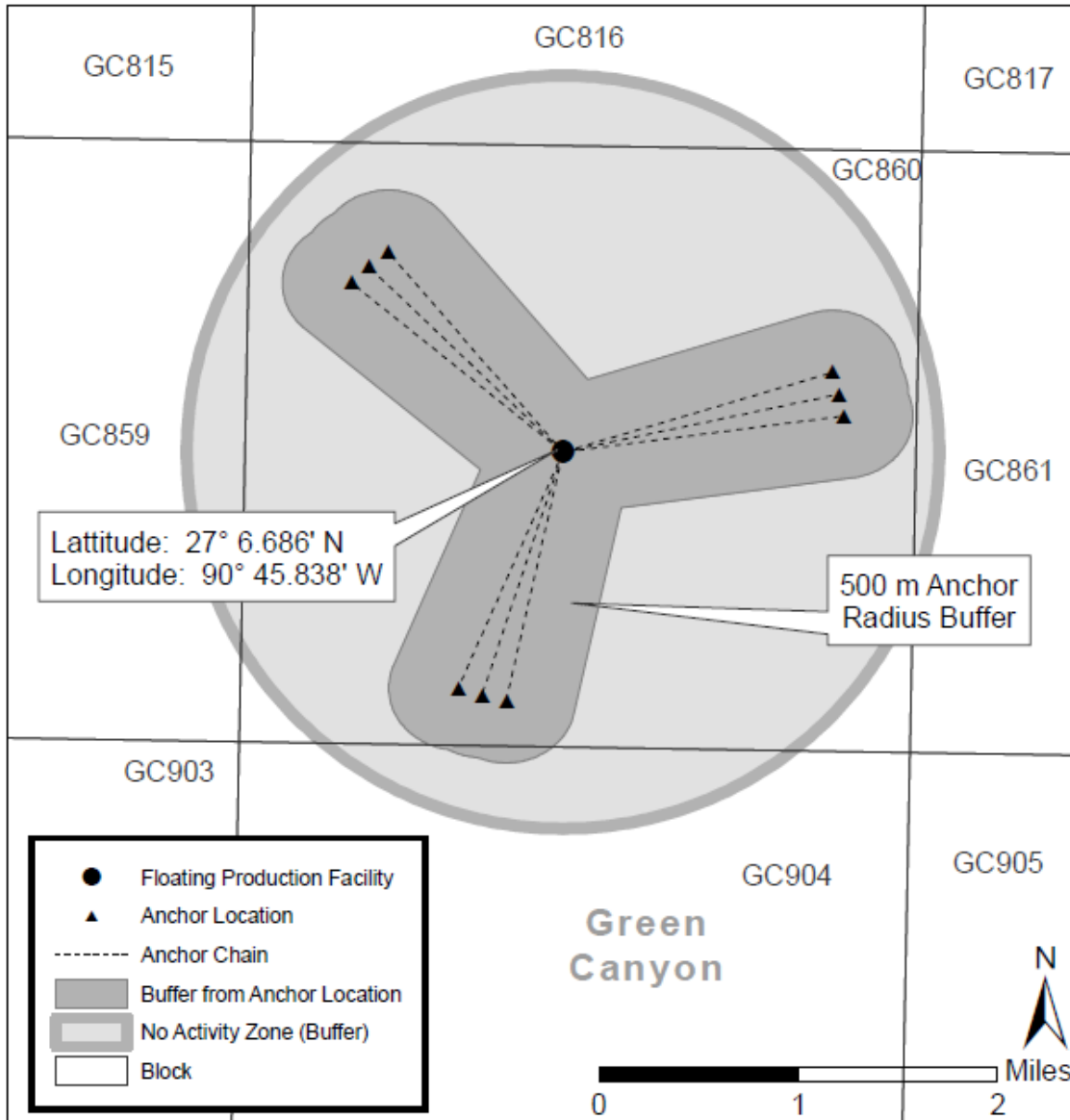
UNITED STATES DEPARTMENT OF THE INTERIOR  
BUREAU OF OCEAN ENERGY MANAGEMENT  
GULF OF MEXICO OCS REGION  
*Blocks with Stipulations*  
**GREEN CANYON, BLOCKS 786, 787 and 788**



Region-wide Gulf of Mexico Sale 259

The data shown are an approximation of the location of the infrastructure and should not be used for final evaluation.

UNITED STATES DEPARTMENT OF THE INTERIOR  
BUREAU OF OCEAN ENERGY MANAGEMENT  
GULF OF MEXICO OCS REGION  
*Blocks with Stipulations*  
**GREEN CANYON, BLOCKS 816, 860, 861 AND 904**



**Region-wide Gulf of Mexico Sale 259**

The data shown are an approximation of the location of the infrastructure and should not be used for final evaluation.

Stipulation No. 11 will be included in all leases issued as a result of this lease sale.

**Stipulation No. 11 Royalties on All Produced Gas**

Pursuant to section 50263 of the Inflation Reduction Act of 2022, Pub. L. No. 117-169, 136 Stat. 1818 (2022), royalties must be assessed and paid accordingly by the lessee(s)/operator(s) on all gas produced under this lease, including all gas that is consumed or lost by venting, flaring, or negligent releases through any equipment during upstream operations. The lessee(s)/operator(s) must value any gas or liquid hydrocarbons, including that which is consumed or lost by venting, flaring, or negligent releases, in accordance with the provisions of 30 CFR part 1206. This royalty will not apply with respect to:

- 1) gas vented or flared for not longer than 48 hours in an emergency situation that poses a danger to human health, safety, or the environment;
- 2) gas used or consumed within the area of the lease, unit, or communitized area for the benefit of the lease, unit, or communitized area; or
- 3) gas that is unavoidably lost.

For any gas that the Lessee(s)/operator(s) produces, but for which the Lessee(s)/operator(s) does not pay royalties, the lessee(s)/operator(s) bear the burden of proof in demonstrating to the satisfaction of the Bureau of Ocean Energy Management and the Office of Natural Resources Revenue that one or more of these exceptions to the requirement to pay royalties under this stipulation applies.

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