
Leasing Activities Information

BOEM

U.S. Department of the Interior
Bureau of Ocean Energy Management
Gulf of Mexico OCS Region

**Lease Stipulations
Gulf of Mexico
Oil and Gas Lease Sale 249
Proposed Notice of Sale (NOS)**

The proposed stipulations that will be applied to leases issued as a result of this sale are shown on the map “Proposed, Gulf of Mexico Lease Sale 249, August 2017, Stipulations and Deferred Blocks” included in the Proposed NOS package. In addition, the “List of Blocks Available for Leasing” contained in the Proposed NOS package will identify the lease stipulations applicable to each block listed. These lease stipulations are as follows:

- 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 – Below Seabed Operations

(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 Gulf of Mexico Lease Sale 249, August 2017, 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 located 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 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 effected by the commander of the appropriate onshore military installation conducting operations in the particular warning area provided, however, that control of such electromagnetic emissions shall in no instance prohibit all manner of electromagnetic communication during any 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 Headquarters
W-59	Naval Air Station Joint Reserve Base (JRB) Belle Chasse 159 Fighter Wing 400 Russell Avenue, Box 27 Building 285 (Operations) New Orleans, Louisiana 70143-0027 Telephone: (504) 391-8695/8696
W-92	Fleet Area Control and Surveillance Facility 118 Albemare Ave. P.O. Box 40 Jacksonville, Florida 32212 Attention: Schedules Officer Telephone: (904) 542-2113
W-147	147 OSS/OSA Air Field Management 14657 Sneider Street Houston, Texas 77034-5586 Telephone: (281) 929-2710/2803 Email: Ronald.McNeal@navy.mil
W-155	Fleet Area Control and Surveillance Attention: Facility (FACSFAC) NAS Pensacola 1860 Perimeter Road, Building 3963 NASP, Florida 32508-5217 Attention: Facility (FACSFAC) Telephone: (850) 452-2735
W-228	Chief, Naval Air Training CNATRA N386 ATC and Space Management Officer Naval Air Station Corpus Christi Corpus Christi, Texas 78419-5100 Attention: Tom Bily Telephone: (361) 961-0145 Email: Thomas.Bily@navy.mil

W-453	Air National Guard – CRTG 4715 Hewes Avenue, Building 60 Gulfport, Mississippi 39507-4324 Telephone: (228) 214-6027
W-602	VQ-4 7791 Mercury Road Tinker AFB, Oklahoma 73145-8704 Attention: Operations Department Telephone: (405) 739-5700/5702 Email: Tara.Buckley@navy.mil
Eglin Water Test Areas 1, 2, 3, and 4	Air Force Test Center (AFTC) 96 TW/CZ 101 West “D” Avenue, Suite 116 Eglin AFB, Florida 32542-5492 Attention: 96 Test Wing Technical Advisor Mr. Ed Utt or Mr. Chris Smith Telephone: (850) 882-5622147 OSS/OSA

(Stipulation No. 2 will be included in leases issued as a result of this lease sale in the easternmost portion of the Central Planning Area and Eastern Planning Area, as shown on the map “Proposed, Gulf of Mexico, Lease Sale 249, August 2017, 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 Region, 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 to, 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 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 RSDFO so directs. Upon cessation of any temporary suspension, the 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/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 in order 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 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 located in the easternmost portion of the Central Planning Area and Eastern Planning Area. Said areas are shown on the map “Proposed, Gulf of Mexico, Lease Sale 249, August 2017, 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) Regional Director 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 Regional Director may approve the EP with conditions, disapprove it, or require modification in accordance with 30 CFR part 550. The BOEM Regional Director 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) Regional Director 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, 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, in order 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 Regional Director, 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.

(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 (MMPA) (16 U.S.C. 1361, *et seq.*) are designed to protect threatened and endangered species and marine mammals and apply to activities on the Outer Continental Shelf (OCS). The OCS Lands Act (43 U.S.C. 1331, *et seq.*) provides that the OCS should be made available for expeditious and orderly development subject to environmental safeguards, in a manner which is consistent with the maintenance of competition and other national needs (see 43 U.S.C. 1332). Both 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 and its operators must:

- 1) Collect and remove flotsam resulting from activities related to exploration, development, and production of this lease;
- 2) Post signs in prominent places on all vessels and platforms used as a result of activities related to exploration, development, and production of this lease detailing the reasons (legal and ecological) why release of debris must be eliminated;
- 3) Observe for marine mammals and sea turtles while on vessels, reduce vessel speed to 10 knots or less when assemblages of cetaceans are observed, and maintain a distance of 91 meters or greater from whales, and a distance of 45 meters or greater from small cetaceans and sea turtles;
- 4) Employ mitigation measures prescribed by BOEM/BSEE or the National Marine Fisheries Service (NMFS) for all seismic surveys, including the use of an “exclusion zone” based upon the appropriate water depth, ramp-up and shutdown procedures, visual monitoring, and reporting;
- 5) Identify important habitats, including designated critical habitat, used by listed species (e.g., sea turtle nesting beaches, piping plover critical habitat), in oil spill contingency planning and require the strategic placement of spill cleanup equipment to be used only by personnel trained in less-intrusive cleanup techniques on beaches and bay shores; and
- 6) Immediately report all sightings and locations of injured or dead protected species (e.g., marine mammals and sea turtles) to the appropriate stranding network. If oil and gas industry activity is responsible for the injured or dead animal (e.g., because of a vessel strike), the responsible parties must remain available to assist the stranding network. If the injury or death was caused by a collision with the lessee’s vessel, the lessee must notify BSEE within 24 hours of the strike.

BOEM and BSEE issue Notices to Lessees and Operators (NTLs), which more fully describe measures implemented in support of the above-mentioned implementing statutes and regulations, as

well as measures identified by the U.S. Fish and Wildlife Service and NMFS arising from, among others, conservation recommendations, rulemakings pursuant to the MMPA, or consultation. The lessee and its operators, personnel, and subcontractors, while undertaking activities authorized under this lease, must implement and comply with the specific mitigation measures outlined in the following NTLs:

- BOEM NTL No. 2016-G01 “Vessel Strike Avoidance and Injured/Dead Protected Species Reporting” (available at: <http://www.boem.gov/BOEM-NTL-No-2016-G01>);
- BOEM NTL No. 2016-G02 “Implementation of Seismic Survey Mitigation Measures and Protected Species Observer Program” (available at <http://www.boem.gov/BOEM-NTL-2016-G02>); and
- BSEE NTL No. 2015-G03 “Marine Trash and Debris Awareness and Elimination” (available at <https://www.bsee.gov/sites/bsee.gov/files/notices-to-lessees-ntl/alerts/ntl-2015-g03.pdf>).

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 NTLs identified in this paragraph. The lessee and its operators, personnel, and subcontractors will be required to comply with the mitigation measures, identified in the above referenced NTLs, and additional measures in the conditions of approvals for their plans or permits.

(Stipulation No. 5 will be included in leases issued as a result of this lease sale on blocks within the areas indicated in the Western and Central Gulf of Mexico Topographic Features Stipulation Map package. The map package is available from the Bureau of Ocean Energy Management (BOEM) Gulf of Mexico (GOM) Region Public Information Office and on the BOEM website at <http://www.boem.gov/Topographic-Features-Stipulation-Map-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 (WPA):

Bank Name	No Activity Zone defined by isobaths in meters)
Shelf Edge Banks	
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 ¹	85
Stetson Bank	52
Appelbaum Bank	85
Low Relief Banks²	
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 ³	50
South Texas Banks⁴	
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 GOM 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 must be 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 (CPA):

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

Notes:

1. Gulf of Mexico CPA bank with a portion of its “3-Mile Zone” in the GOM 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 Notices to Lessees and Operators at <http://www.boem.gov/notices-to-lessees-and-operators/>, which provide guidance on how to follow the requirements of this stipulation (NTL 2009-G39). See the attached “Topographic Features Stipulation Map” and the figures in the “Western and Central Gulf of Mexico Topographic Features Stipulation Map Package” on BOEM’s 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, shall 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 attached “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 attached “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.

(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 [EEZ] formerly known as the Western Gap. Said area is shown on the map “Proposed, Gulf of Mexico, Lease Sale 249, August 2017, 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 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 United States on a block or portion of a block located beyond its EEZ 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 payments annually 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 United States, 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 United States, 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, 1 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 1 percent for each subsequent year until the twelfth year and will remain at 7 percent thereafter until lease termination.

- 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 5 percent of the value of the tenth year's lease production, saved, removed, or sold from the lease. The following year, a payment of 6 percent would be due and so forth, as stated above, up to a maximum of 7 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 credit(s) associated with a lease that has been relinquished or terminated.

(Stipulation No. 7 will be included in leases issued as result of this lease sale that are wholly or partially located within 3 statute miles of the Maritime and Continental Shelf Boundary with Mexico, defined as the “Boundary Area” and as shown on the map “Proposed, Gulf of Mexico Lease Sale 249, August 2017, 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 3 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 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, 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 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, the 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 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 Final 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 approvals 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 any provision of the Agreement or any U.S. 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 in leases issued as a result of this lease sale, as shown on the map labeled “Proposed, Gulf of Mexico Lease Sale 249, August 2017, 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 lithotope favors the accumulation of turtles, fishes, 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 BOEM Regional Director a live bottom survey report containing a bathymetry map prepared utilizing remote-sensing techniques. The bathymetry map shall be prepared for the purpose of determining 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 Regional Director 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 bottoms.

(Stipulation No. 9 will be included in leases issued as a result of this lease sale on blocks south of and within 15 miles of Baldwin County, Alabama, as shown on the map “Proposed, Gulf of Mexico, Lease Sale 249, August 2017, Stipulations and Deferred Blocks” included in the Proposed NOS package.)

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

- A. In order 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 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. BOEM will review and make decisions on the lessee’s DOCD in accordance with applicable Federal regulations and BOEM policies, and in consultation with the State of Alabama (Geological Survey/Oil and Gas Board).

(Stipulation No. 10 will be included in leases issued as a result of this lease sale on the following list of blocks.)

Blocks (see attached maps):

Mississippi Canyon 876, 877, 921 964, and 965

Mississippi Canyon 691, 735, 736

Mississippi Canyon 723

Walker Ridge 293 and 294

Walker Ridge 717, 761, 762 and 763

Green Canyon 613

Green Canyon 780

Green Canyon 786, 787, and 788

Green Canyon 860

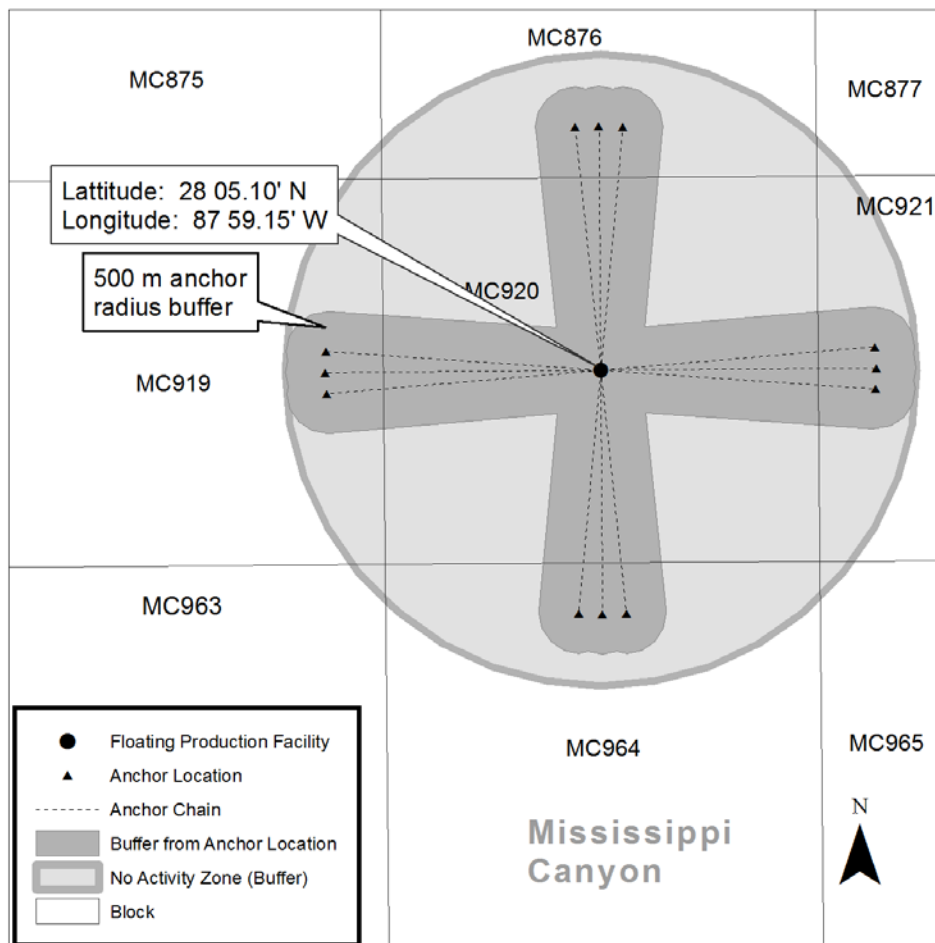
Keathley Canyon 831 and 832

Stipulation No. 10 – Below Seabed Operations

Rights-of-use and easements have been granted to allow permanent mooring of floating production facilities. As a result, any lessee holding an interest in oil and gas leases for these blocks is not allowed to 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). Sub-seabed activities that are part of exploration, development, and production activities from outside the areas depicted by 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, BLOCKS 876, 877, 921, 964 and 965

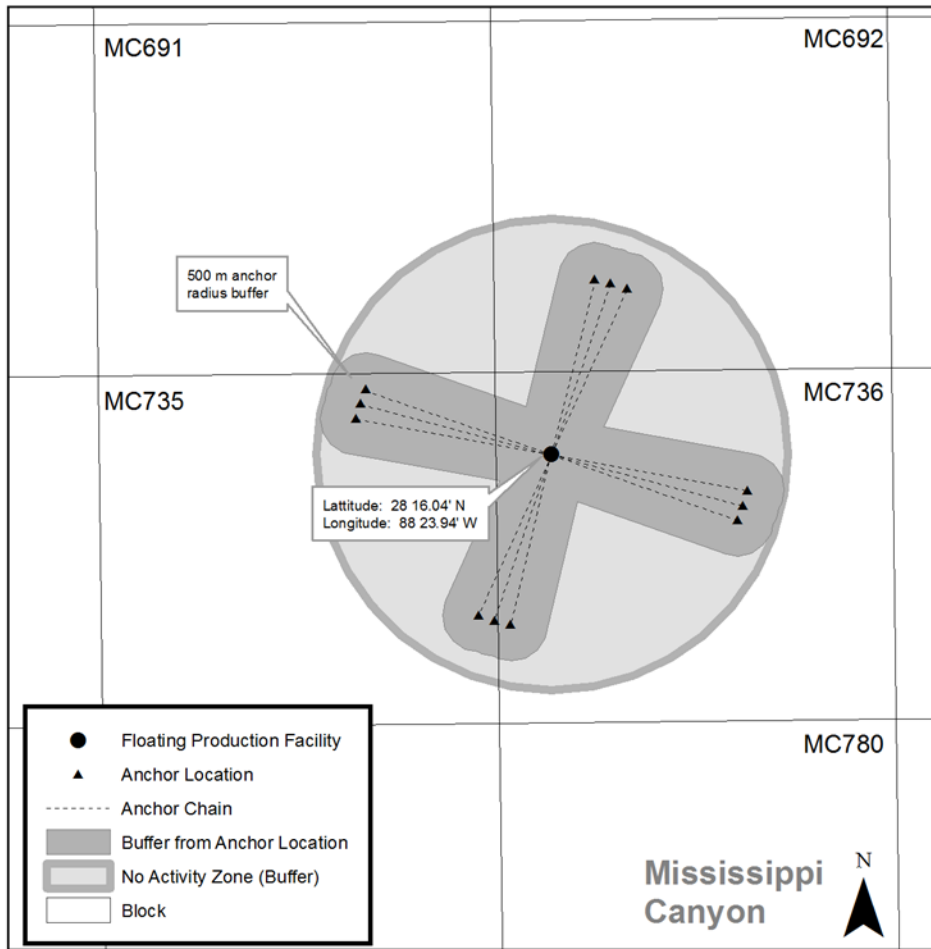


Region-wide Gulf of Mexico Sale 249
 August 2017

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 Stipulation

MISSISSIPPI CANYON, BLOCK 691, 735 and 736

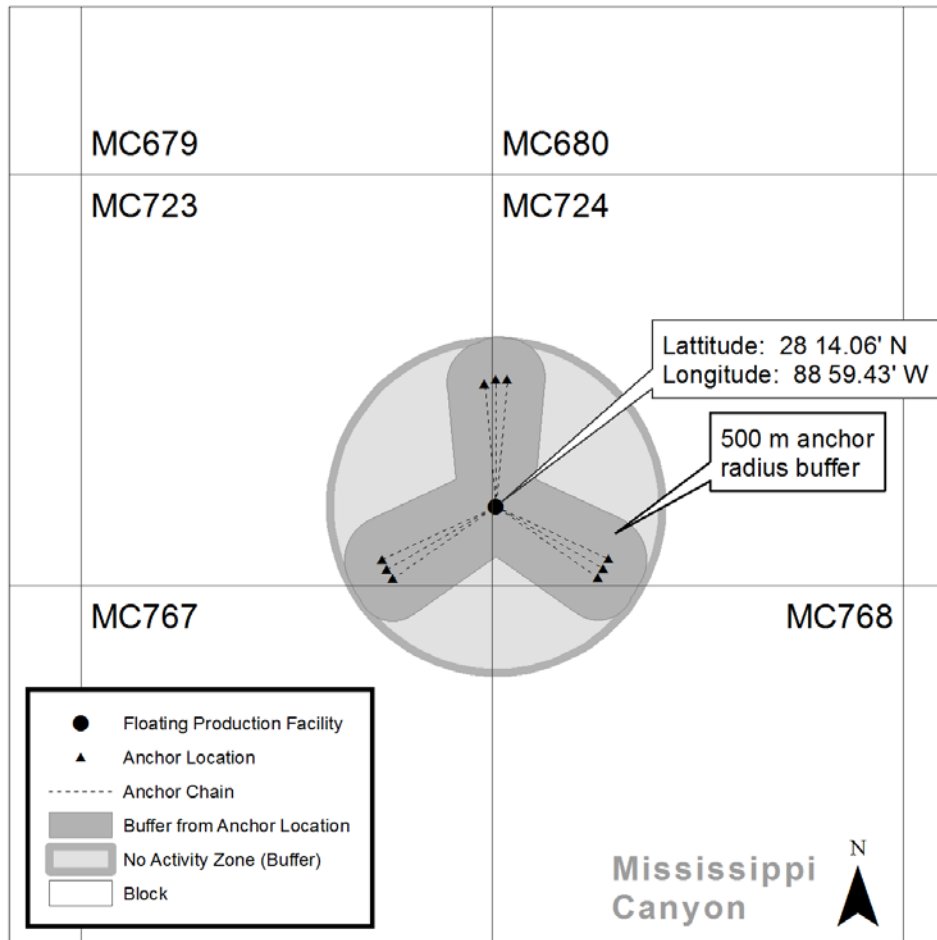


Region-wide Gulf of Mexico Sale 249
 August 2017

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, BLOCKS 723

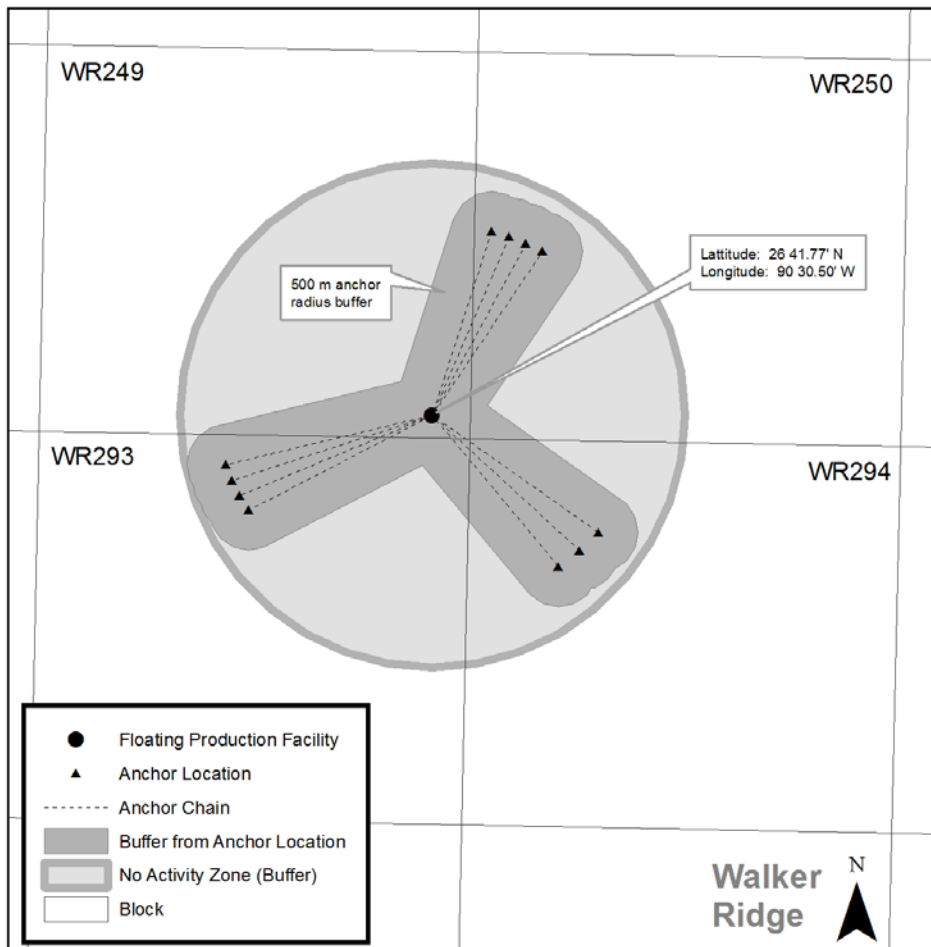


Region-wide Gulf of Mexico Sale 249
 August 2017

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 Stipulation

WALKER RIDGE, BLOCKS 293 and 294

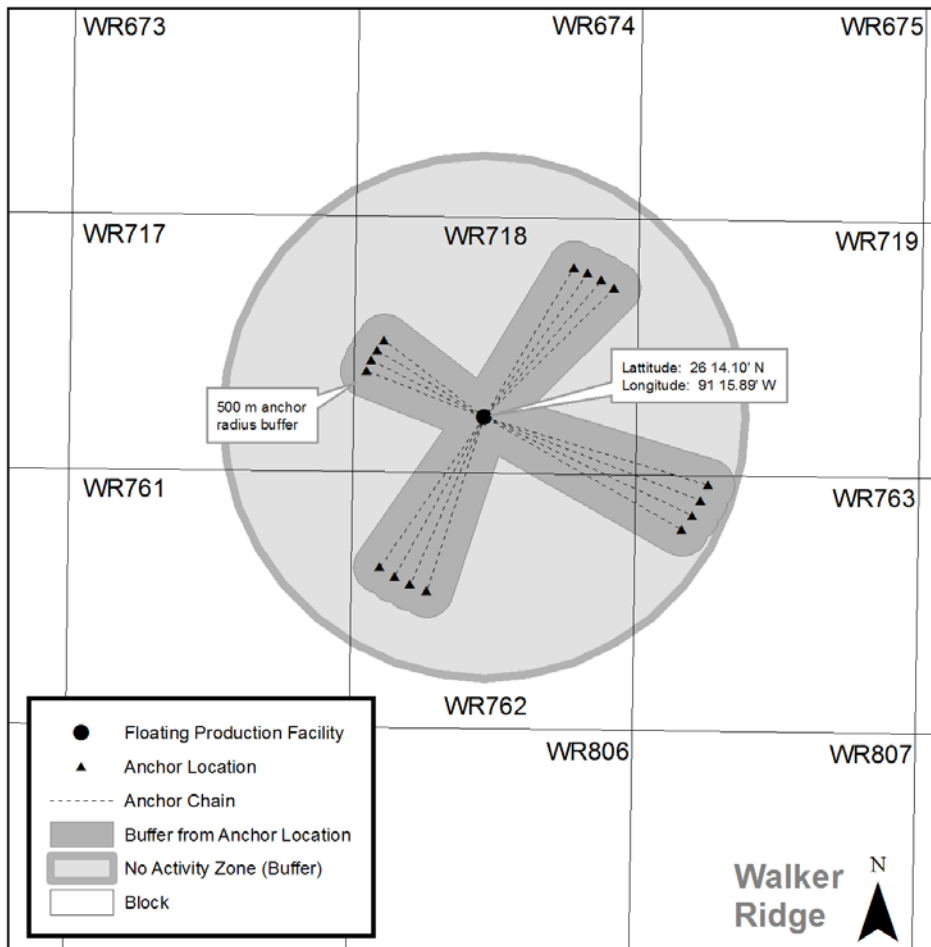


Region-wide Gulf of Mexico Sale 249
August 2017

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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 717, 761, 762 and 763

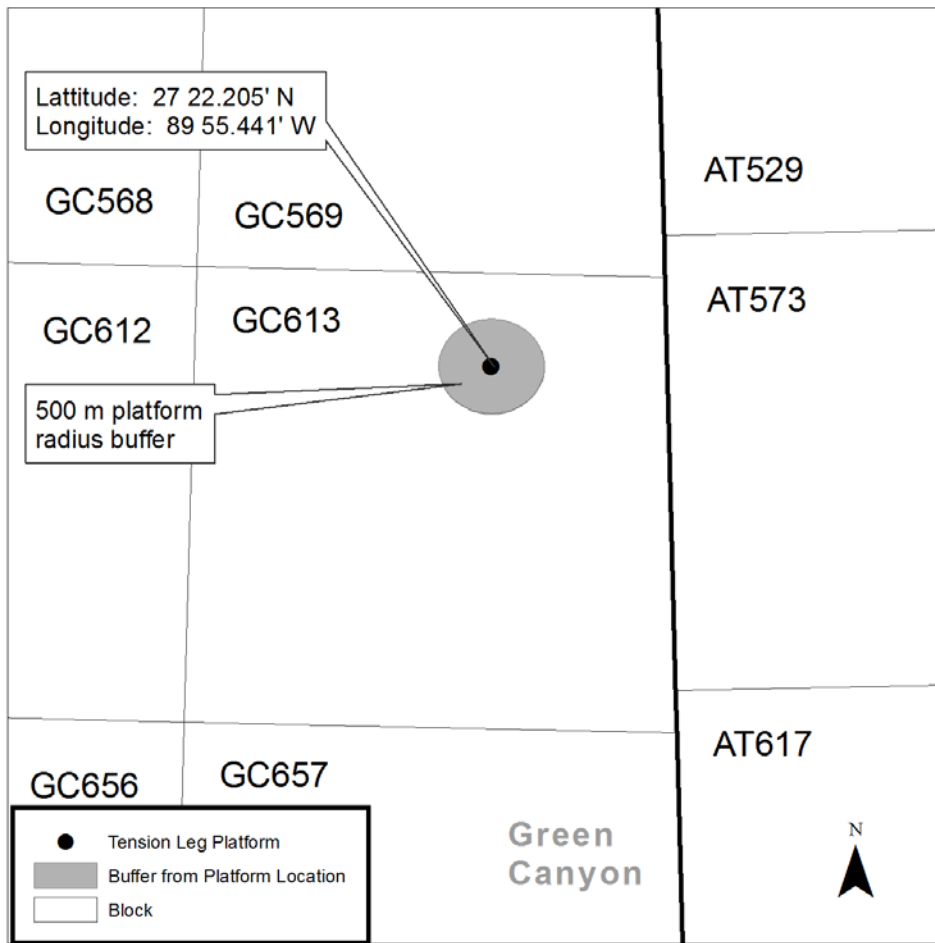


Region-wide Gulf of Mexico Sale 249
 August 2017

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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 613

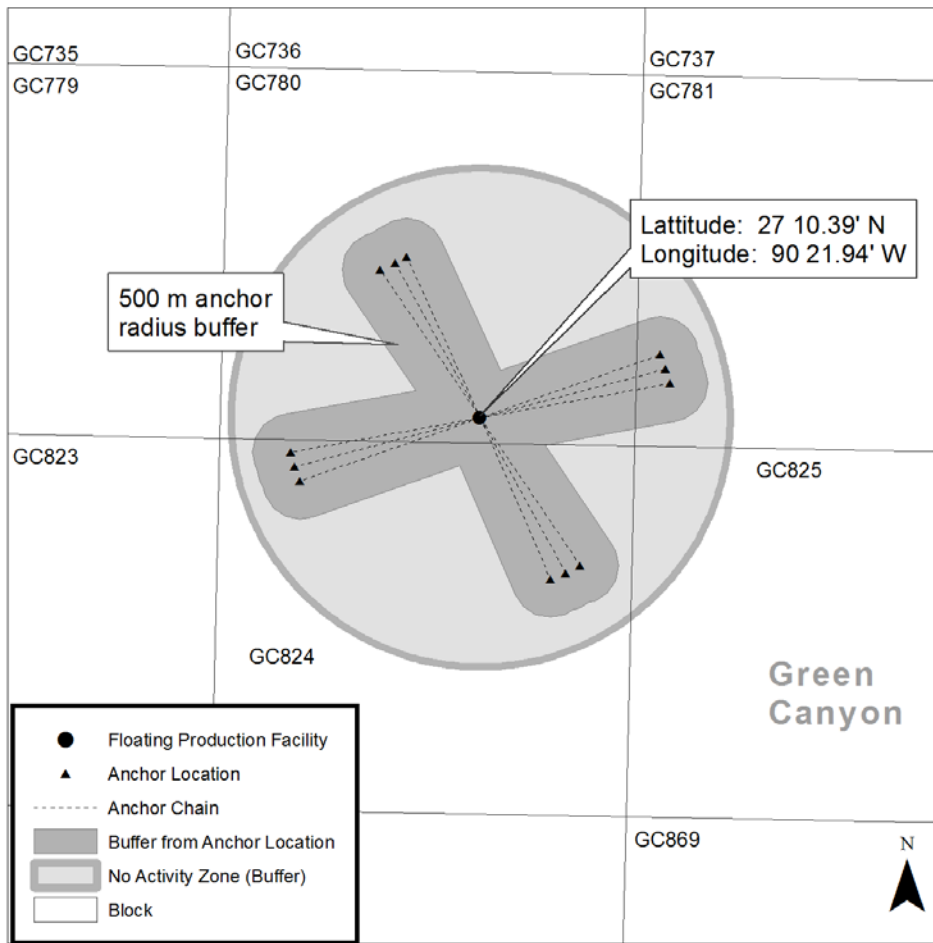


Region-wide Gulf of Mexico Sale 249
August 2017

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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



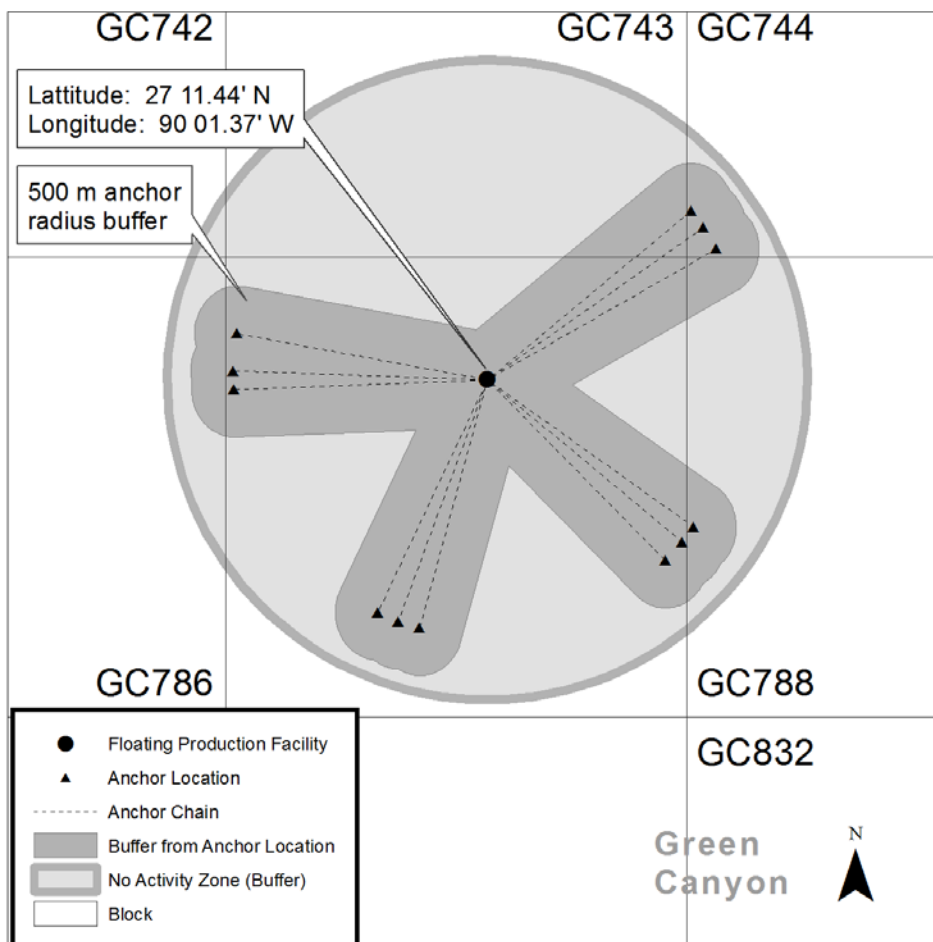
Region-wide Gulf of Mexico Sale 249
 August 2017

MAS201700021

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 786, 787 and 788

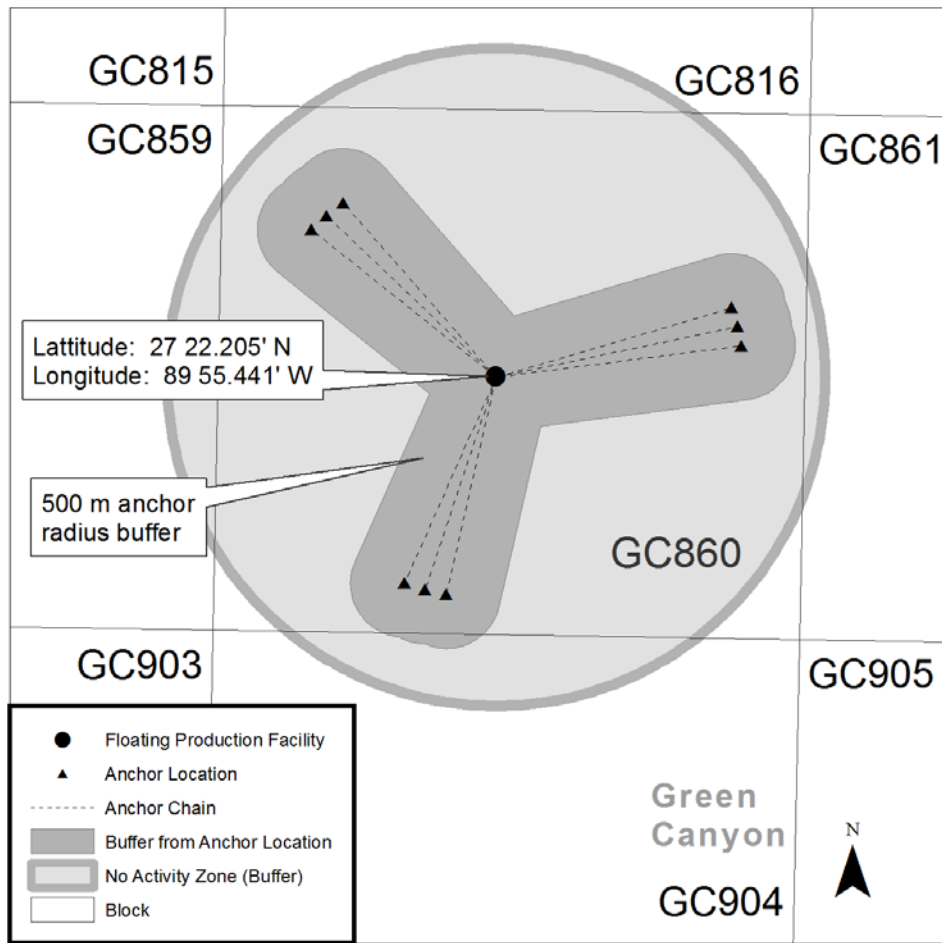


Region-wide Gulf of Mexico Sale 249
 August 2017

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, BLOCK 860

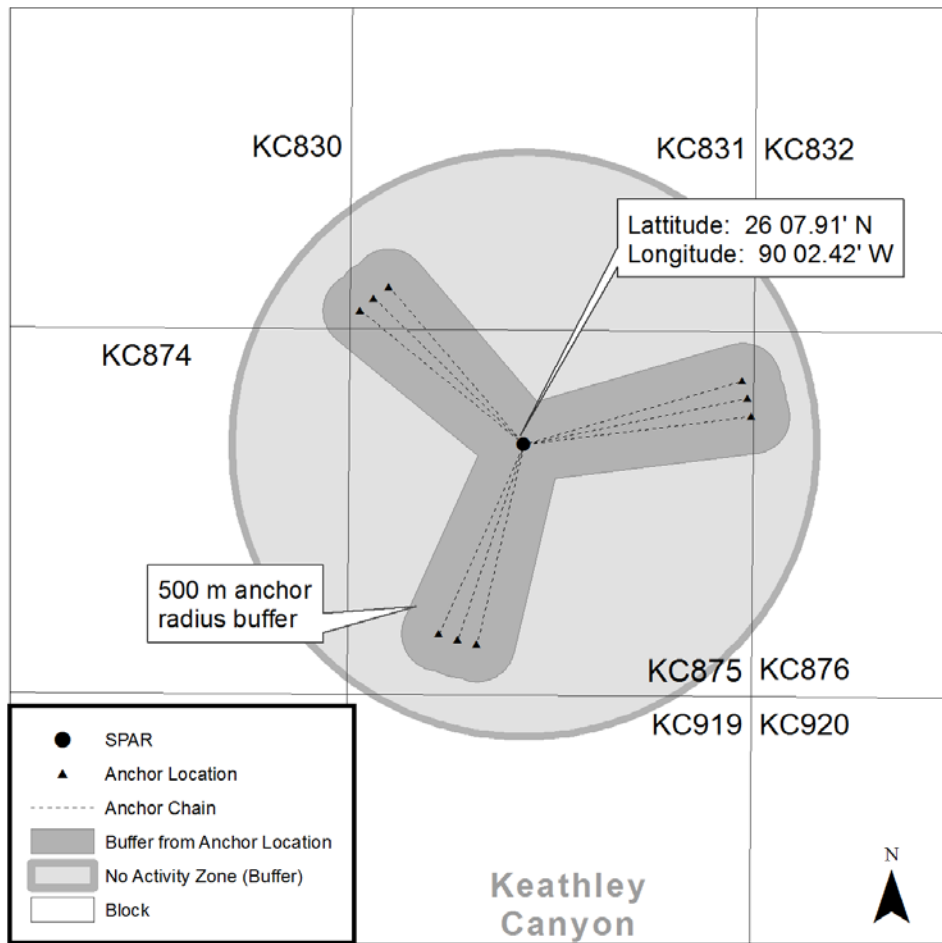


Region-wide Gulf of Mexico Sale 249
 August 2017

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 831 and 832



Region-wide Gulf of Mexico Sale 249
 August 2017

MAS201700024

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