

MAY 2, 2005

EASTERN GULF OF MEXICO, LEASE SALE 197 (MARCH 16, 2005)

PHASE 2 DECISION INFORMATION MATRIX

Attached is a tabulation of selected information from the Minerals Management Service's Phase 2 evaluation process for Sale 197. Abbreviations and codes are defined as follows:

Tract Types

- DD** - Drainage or Development Tract
- CW** - Confirmed or Wildcat Tract

Royalty Rates

- RS F** - 1600m and greater water depth; possible royalty suspension for 12 mmboe; 12 1/2% Royalty Rate

- MROV** - Mean of the Range-of-Value
- ADV** - Adjusted Delay Value
- RAM** - Revised Arithmetic - average Measure
- MED** - Median (50th percentile value)

Tract Decision Rules

- C** - Accept tract's High Bid in Phase 2: High Bid \geq ADV.
- E** - Accept tract's High Bid in Phase 2: tract is Non-Viable.
- F** - Accept tract's High Bid in Phase 2: tract is CW with \geq 3 bids where 3rd highest bid at least 50% of the highest qualified bid.
- V** - Accept tract's High Bid in Phase 2: tract is CW and passes a categorial fair market value (FMV) threshold measure test.
- M** - Accept tract's High Bid in Phase 2: ADV \geq High Bid \geq RAM
- N** - Accept tract's High Bid in Phase 2: MED < High Bid < RAM < ADV < DMROV, and < MROV
- R** - Reject tract's High Bid in Phase 2: High Bid is below tract's fair market value.

Lease Terms

- 000 - 399m water depth: 5 year lease term
- 400 - 799m water depth: 8 year lease term
- \geq 800m water depth: 10 year lease term

PHASE 2 DECISION INFORMATION MATRIX

Sale Number: 197

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Region Name: Gulf of Mexico OCS Region

Sale Identifier: EASTERN GULF OF MEXICO

Sale Date: MARCH 16, 2005

OCS NUMBER	AREA CODE/ PROT NO	BLOCK NO.	ACRES/ HECTARES	TRACT TYPE	HIGH BID	MROV	MED	ADV	RAM	ADJ # BIDS	ROYALTY RATE	TRACT DEC. RULE
G27428	LL	8	5760.00	A CW	\$311,616	\$216,000		\$216,000	NA	1	12 1/2% RS F	E
G27429	LL	90	5760.00	A CW	\$312,480	\$216,000		\$216,000	NA	1	12 1/2% RS F	E
G27430	LL	92	5760.00	A CW	\$552,384	\$216,000		\$216,000	NA	1	12 1/2% RS F	E
G27431	LL	272	5760.00	A CW	\$2,037,379	\$216,000		\$216,000	NA	1	12 1/2% RS F	E
G27432	DC	139	5760.00	A CW	\$405,525	\$216,000		\$216,000	NA	1	12 1/2% RS F	C
G27435	DC	531	5760.00	A CW	\$312,480	\$216,000		\$216,000	NA	1	12 1/2% RS F	E
G27436	DC	575	5760.00	A CW	\$467,712	\$216,000		\$216,000	NA	1	12 1/2% RS F	E
G27437	DC	712	5760.00	A CW	\$229,958	\$216,000		\$216,000	NA	1	12 1/2% RS F	E
G27438	DC	755	5760.00	A CW	\$305,525	\$216,000		\$216,000	NA	1	12 1/2% RS F	E
G27439	DC	797	5760.00	A CW	\$1,566,000	\$216,000		\$216,000	NA	1	12 1/2% RS F	E

