

## **DEPARTMENT OF THE INTERIOR**

### **Minerals Management Service (MMS)**

Outer Continental Shelf (OCS) Eastern Gulf of Mexico (GOM) Oil and Gas Lease Sale 189

**AGENCY:** Minerals Management Service, Interior.

**ACTION:** Proposed Notice of Sale 189

**SUMMARY:** The MMS proposes to hold Eastern GOM Oil and Gas Lease Sale 189 on December 10, 2003, in accordance with provisions of the OCS Lands Act (43 U.S.C. 1331-1356, as amended) and the regulations issued thereunder (30 CFR Part 256).

**DATES:** On December 10, 2003, Eastern GOM Oil and Gas Lease Sale 189 will be held at a New Orleans hotel site to be determined. Public bid reading will begin at 9:00 a.m. All times referred to in this document are local New Orleans times, unless otherwise specified.

**ADDRESSES:** The Proposed Notice of Sale 189 Package (PNOS 189 Package) contains information essential to potential bidders. Interested parties can obtain a Package by writing or calling the:

Gulf of Mexico Region Public Information Unit  
Minerals Management Service  
1201 Elmwood Park Boulevard  
New Orleans, Louisiana 70123-2394  
Telephone: (504) 736-2519 or (800) 200-GULF  
MMS Homepage Address on the Internet: [www.mms.gov](http://www.mms.gov)

**BID SUBMISSION DEADLINE:** Bidders will be required to submit bids to the MMS at the Gulf of Mexico Region (1201 Elmwood Park Boulevard, New Orleans, Louisiana, 70123-2394) by 10:00 a.m. on the day before the sale, Tuesday, December 9, 2003. The MMS will specify procedures for bid submission in the Final Notice of Sale 189 (FNOS 189).

**PROPOSED SALE AREA:** The MMS proposes to offer for bid in this sale all of the unleased whole blocks located within the portion of the Eastern GOM Planning Area that is west of 87 degrees 30 minutes West Longitude and which range from 100 to 196 miles south of Alabama, and from about 70 to 148 miles offshore Louisiana.

Please see the map included in the PNOS 189 Package: "Lease Terms, Economic Conditions, and Stipulations, Sale 189, Proposed."

**STATUTES AND REGULATIONS:** Each lease issued in this sale is subject to the Outer Continental Shelf Lands Act of August 7, 1953, 67 Stat. 462; 43 U.S.C. 1331 et seq., as amended (92 Stat. 629), hereinafter called "the Act"; all regulations issued pursuant to the Act and in existence upon the Effective Date of the lease; all regulations issued pursuant to the statute in the future which provide for the prevention of waste and conservation of the natural resources of the Outer Continental Shelf and the protection of correlative rights therein; and all other applicable statutes and regulations.

**LEASE TERMS AND CONDITIONS:** Initial period, minimum bonus bid amount, rental rates, royalty rates, minimum royalty, and royalty suspension areas are shown on the map "Lease Terms, Economic Conditions, and Stipulations, Sale 189, Proposed" for leases resulting from this sale:

**Initial Period:** 10 years;

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

**Rental Rates:** \$7.50 per acre or fraction thereof, to be paid on or before the first day of each lease year until a discovery in paying quantities of oil or gas, then at the expiration of each lease year until the start of royalty-bearing production;

**Royalty Rates:** 12-1/2 percent royalty rate, except during periods of royalty suspension, to be paid monthly on the last day of the month next following the month during which the production is obtained;

**Minimum Royalty:** After the start of royalty-bearing production: \$7.50 per acre or fraction thereof per year, to be paid at the expiration of each lease year with credit applied for actual royalty paid during the lease year. If actual royalty paid exceeds the minimum royalty requirement, then no minimum royalty payment is due;

**Royalty Suspension Area:** Royalty suspension of 12 million barrels of oil equivalent, subject to both oil and gas price thresholds, will apply to all leases in this sale. Please see the map "Lease Terms, Economic Conditions, and Stipulations, Sale 189, Proposed" for specific details regarding royalty suspension eligibility, applicable price thresholds, and implementation.

**STIPULATIONS:** Four proposed lease stipulations, 1) Military Areas; 2) Evacuation; 3) Coordination; and 4) Protected Species, will apply to all blocks in the proposed sale. See the map, "Lease Terms, Economic Conditions, and Stipulations, Sale 189, Proposed" in the PNOS 189 Package. The texts of the proposed stipulations are contained in the document "Lease Stipulations for Oil and Gas Lease Sale 189, Proposed" included in the PNOS 189 Package.

**INFORMATION TO LESSEES:** The document "Information To Lessees, Sale 189, Proposed" provides detailed information on certain specific issues pertaining to this proposed oil and gas lease sale.

**BONUS BID DEPOSIT:** Each bidder submitting an apparent high bid must submit a bonus bid deposit to the MMS equal to one-fifth of the bonus bid amount for each such bid. Under the authority granted by 30 CFR 256.46(b), the MMS requires bidders to use electronic funds transfer procedures for payment of one-fifth bonus bid deposits for Sale 189. Such payment will be due by 1:00 p.m. Eastern Time the day following bid reading. In addition, certain bid submitters [i.e., those that do NOT currently own or operate an OCS mineral lease OR those that have ever defaulted on a one-fifth bonus bid payment (EFT or otherwise)] will be required to guarantee (secure) their one-fifth bonus bid payment prior to the submission of bids. The MMS will specify the detailed bid deposit procedures in the FNOS 189 Package.

**GEOPHYSICAL DATA AND INFORMATION STATEMENT:** Pursuant to 30 CFR 251.12, the MMS has a right to access geophysical data and information collected under a permit in the OCS.

Each bidder submitting a bid on a block in Sale 189, or participating as a joint bidder in such a bid, must submit a Geophysical Data and Information Statement identifying any processed or reprocessed pre- and post-stack depth migrated geophysical data and information in its possession or control and used in the evaluation of that block. The existence, extent (i.e., number of line miles for 2D or number of blocks for 3D) and type of such data and information must be clearly identified. The statement must include the name and phone number of a contact person, and an alternate, knowledgeable about the depth data sets (that were processed or reprocessed to correct for depth) used in evaluating the block. In the event such data and information includes data sets from different timeframes, you should identify only the most recent data set used for block evaluations. The statement must also identify each block upon which a bidder participated in a bid but for which it does not possess or control such depth data and information.

The MMS will specify additional detailed procedures in the FNOS 189 Package regarding these geophysical data and information statements. Please also refer to NTL No. 2003-G05 for more detail concerning submission of the Geophysical Data and Information Statement, making the data available to the MMS following the lease sale, preferred format, reimbursement for costs, and confidentiality.

**UPCOMING MILESTONES:** After the Governors of the affected states (Louisiana, Mississippi, Alabama, and Florida) have had an opportunity to comment on the size, timing, and location of the proposed sale, as required by section 19 of the OCS Lands Act, the Assistant Secretary for Land and Minerals Management will make a decision on the final NOS 189. The Department of the Interior reserves the right to revise the areas proposed for bidding and associated terms and conditions described in this proposed notice. If the Assistant Secretary decides to proceed with the sale, a final NOS for Eastern GOM oil and gas lease Sale 189 will be published in the Federal Register at least 30 days prior to the date of the public bid reading. A final NOS 189 Package containing all sale terms and conditions and detailed instructions to bidders will also be available at that time from the MMS Gulf of Mexico Public Information Unit and on our web site at [www.mms.gov](http://www.mms.gov).