

DEPARTMENT OF THE INTERIOR

Minerals Management Service (MMS)

Outer Continental Shelf (OCS) Eastern Gulf of Mexico (GOM) Planning Area Oil and Gas Lease Sale 224

AGENCY: Minerals Management Service, Interior

ACTION: Proposed Notice of Sale (PNOS) 224

SUMMARY: The MMS proposes to hold Eastern GOM Planning Area Oil and Gas Lease Sale 224 on Wednesday, March 19, 2008, 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: Public bid reading for the Eastern GOM Planning Area Oil and Gas Lease Sale 224 is scheduled to begin after the public bid reading for Central GOM Planning Area Oil and Gas Lease Sale 206 which is scheduled to begin at 9 a.m., Wednesday, March 19, 2008, at a New Orleans site to be determined. All times referred to in this document are local New Orleans times, unless otherwise specified.

ADDRESSES: The Proposed Notice of Sale 224 Package (PNOS 224 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
Gulf of Mexico MMS Internet website at: www.gomr.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, March 18, 2008. The MMS will specify procedures for bid submission in the Final Notice of Sale 224 (FNOS 224).

PROPOSED SALE AREA: The MMS proposes to offer for bid in this sale the unleased blocks located within the portion of the Eastern GOM Planning Area, 125 statute miles and greater offshore, south of the Florida panhandle and west of the Military Mission Line (86 degrees, 41 minutes West longitude) in water depths of 810 to 3,113 meters. Please see the map included in the PNOS 224 Package: "Lease Terms, Economic Conditions, and Stipulations, Lease Sale 224, Proposed."

STATUTES AND REGULATIONS: Each lease issued in this lease sale is subject to the OCS Lands Act of August 7, 1953; 43 U.S.C. 1331 et seq., as amended, 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 OCS and the protection of correlative rights therein; and all other applicable statutes and regulations.

LEASE TERMS AND CONDITIONS: Proposed initial period, minimum bonus bid amount, rental rates, royalty rate, minimum royalty, and royalty suspensions areas, if any, applicable to this sale are noted below. Depictions of related areas are shown on the map "Lease Terms, Economic Conditions, and Stipulations, Lease Sale 224, Proposed" for leases resulting from this lease sale.

Initial Period: 10 years (all blocks in this sale are in water depths of 800 meters or deeper).

Minimum Bonus Bid Amount: A bonus bid will not be considered for acceptance unless it provides for a cash bonus in the amount of \$37.50 or more per acre or fraction thereof; see the "List of Blocks Available for Leasing" contained in the FNOS 224 Package to confirm the exact calculation of the minimum bonus bid amount for each block.

Rental Rates: \$9.50 per acre or fraction thereof to be paid on or before the 1st day of each lease year until determination of well producibility is made, then at the expiration of each lease year until the start of royalty-bearing production.

Royalty Rate: 18-3/4 percent royalty rate in all water depths to be paid monthly on the last day of the month following the month during which the production is obtained.

Minimum Royalty: After the start of royalty-bearing production regardless of the year of the lease: \$9.50 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.

Please Note:

Automatic deepwater royalty relief suspensions will not apply to any lease in this sale.

Please Note:

The MMS has published new official leasing maps and protraction diagrams that include the newly-defined administrative planning area boundaries implemented in this sale. These new boundaries are depicted on the "Lease Terms and Economic Conditions, and Stipulations, Lease Sale 224, Proposed" map.

LEASE STIPULATIONS: Four lease stipulations apply: (1) Military Areas; (2) Evacuation; (3) Coordination; and (4) Protected Species. Please refer to the map, "Lease Terms, Economic Conditions, and Stipulations, Lease Sale 224, Proposed" in the PNOS 224 Package. The texts of the lease stipulations are contained in the document "Lease Stipulations for Oil and Gas Lease

Sale 224, Proposed" included in the PNOS 224 Package.

INFORMATION TO LESSEES: The PNOS 224 Package contains an "Information To Lessees" document which provides detailed information on certain specific issues pertaining to this 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 Lease Sale 224, following the detailed instructions contained in the document "Instructions for Making EFT Bonus Payments" which can be found on the MMS website at:

<http://www.gomr.mms.gov/homepg/lseale/224/egom224.html>. All payments must be electronically deposited into an interest-bearing account in the U.S. Treasury (account information provided in the EFT instructions) by 11 a.m. Eastern Time the day following bid reading. Such a deposit does not constitute and shall not be construed as acceptance of any bid on behalf of the United States. If a lease is awarded, however, MMS requests that only one transaction be used for payment of the four-fifths bonus bid amount and the first year's rental.

Please note: Certain bid submitters (i.e., those that are NOT currently an OCS mineral lease record title holder or designated operator OR those that have ever defaulted on a one-fifth bonus bid payment (EFT or otherwise)) are required to guarantee (secure) their one-fifth bonus bid payment prior to the submission of bids. For those who must secure the EFT one-fifth bonus bid payment, one of the following options may be used: (1) Provide a third-party guarantee; (2) Amend bond coverage; (3) Provide a letter of credit; or (4) Provide a lump sum payment in advance via EFT. The EFT instructions specify the requirements for each option.

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.

Every bidder submitting a bid on a block in Sale 224, or participating as a joint bidder in such a bid, must submit a Geophysical Data and Information Statement (GDIS) identifying any processed or reprocessed pre- and post-stack depth migrated geophysical data and information used as part of the decision to bid or participate in a bid on the block. The GDIS should clearly identify the survey type (2-D or 3-D); survey extent (i.e., number of line miles for 2D or number of blocks for 3D) and imaging type (pre-stack, post-stack and migration algorithm) of the data and information. The statement must also include the name and phone number of a contact person, and an alternate, who are both knowledgeable about the depth data listed, the owner or controller of the reprocessed data or information, the survey from which the data was reprocessed and the owner/controller of the original data set, the date of reprocessing and whether the data was processed in-house or by a contractor. In the event such data and information includes multiple data sets processed from the same survey using different velocity models or different processing parameters, you should identify only the highest quality data set used for bid preparation. The MMS reserves the right to query about alternate datasets and to quality check and compare the listed and alternative data sets to determine which data set most

closely meets the needs of the fair market value determination process.

The statement must also identify each block upon which a bidder bid, or participated in a bid, but for which it did not use processed or reprocessed pre-or post-stack depth migrated geophysical data and information as part of the decision to bid or participate in the bid.

In the event your company supplies any type of data to the MMS, in order to get reimbursed, your company must be registered with the Central Contractor Registration (CCR) at www.ccr.gov. This is a requirement that was implemented on October 1, 2003, and requires all entities doing business with the Government to complete a business profile in CCR and update it annually. Payments are made electronically based on the information contained in CCR. Therefore, if your company is not actively registered in CCR, the MMS will not be able to reimburse or pay your company for any data supplied.

An Example of the Preferred Format for the Geophysical Data and Information Statement and a sample of the Geophysical Envelope Preferred Format are included in the PNOS 224 Package. 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 (Florida, Alabama, Louisiana, and Mississippi) have had an opportunity to comment on the size, timing, and location of the proposed lease sale, as required by section 19 of the Act, the Assistant Secretary - Land and Minerals Management will make a decision on the FNOS 224. 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 lease sale, a FNOS for Eastern GOM Planning Area Oil and Gas Lease Sale 224 will be published in the Federal Register at least 30 days prior to the date of the public bid reading. A FNOS 224 Package containing all lease 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 website at www.gomr.mms.gov.

FORCE MAJEURE: The Regional Director of the MMS Gulf of Mexico Region has the discretion to change any date, time, and/or location specified in the Proposed or Final Notice of Sale package in case of a force majeure which the Regional Director deems may interfere with the carrying out of a fair and proper lease sale process. Such events may include, but are not limited to, natural disasters (earthquakes, hurricanes, floods), wars, riots, acts of terrorism, fire, strikes, civil disorder or other events of a similar nature. In case of such events, bidders should call (504) 736-0557 for information about any changes.