



## NEWS RELEASE

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Contact: Dr. Joe Trahan  
(504) 736-2595  
Debra Winbush  
(504) 736-2597

### **MMS Issues Final Notice of Eastern Gulf Lease Sale 197**

The Minerals Management Service announced today the availability of the Final Notice of Lease Sale 197, an offshore oil and gas lease sale in the Eastern Gulf of Mexico, scheduled for March 16, 2005. This lease sale is the third Eastern GOM Outer Continental Shelf lease offering in the last five years. The configuration is the same as MMS Eastern GOM Lease Sales 181 and 189, held in December 2001 and December 2003, respectively.

The lease sale area encompasses the unleased blocks in an area of the Eastern GOM OCS Planning Area. The area is directly south of Alabama. These 124 unleased blocks cover about 714,240 acres and are located from 100 to 196 miles offshore in water depths of 1,600 to more than 3,425 meters. Estimates of undiscovered economically recoverable hydrocarbons in this proposal range from 65 to 85 million barrels of oil and 0.265 to 0.34 trillion cubic feet of natural gas.

This final notice, published today in the [Federal Register](#), includes the continuation of recently adopted price thresholds, as follows:

Price thresholds when deep water royalty suspension would end are set at \$39.00 per barrel for oil and \$6.50 per million British Thermal units (MMBTU) for gas, expressed in 2004 dollars.

In addition, the following provision has been recently revised for this final notice of sale:

In accordance with regulations at 43 CFR, part 42, subpart C, the lessee shall comply with the U.S. Department of the Interior's nonprocurement debarment and suspension requirements and agrees to communicate this requirement to comply with these regulations to persons with whom the lessee does business as it relates to this lease by

including this term as a condition to enter into their contracts and other transactions. This agreement will be evidenced by language prepared by MMS through an Addendum included in each lease resulting from this lease sale.

As a further incentive towards meeting our Nation's energy needs and increasing domestic natural gas and oil production, a royalty suspension of 12 million barrels of oil equivalent for a lease in water depths of 1,600 meters or deeper has been continued for this sale.

**Statistical Information (Lease Sale 197):**

**Size:** 124 unleased blocks; 714,240 acres

**Initial Period:** 10 years

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

**Rental/Minimum Royalty Rates:** \$7.50 per acre or fraction thereof

**Royalty Rates:** 12-1/2%

**Royalty Suspension Area:** A royalty suspension of 12 million barrels of oil equivalent will apply to all leases in this sale.

The Final Notice of Lease Sale 197 will be posted on the MMS website at <http://www.gomr.mms.gov>. In addition, copies of the document are available from the MMS Gulf of Mexico Regional Office, Public Information Unit, 1201 Elmwood Park Boulevard, New Orleans, Louisiana 70123. Telephone (504) 736-2591, toll free 1-800-200-GULF.

MMS, part of the U.S. Department of the Interior, oversees 1.76 billion acres of the Outer Continental Shelf, managing offshore energy and minerals while protecting the human, marine, and coastal environments through advanced science and technology research. The OCS provides 30 percent of oil and 23 percent of natural gas produced domestically, and sand used for coastal restoration. MMS collects, accounts for, and disburses mineral revenues from Federal and American Indian lands, with fiscal year 2004 disbursements of around \$8 billion and more than \$143 billion since 1982. The Land and Water Conservation Fund, which pays for acquisition of state and federal park and recreation land, gets nearly \$1 billion a year.

**MMS Main Website:** [www.mms.gov](http://www.mms.gov)  
**Gulf of Mexico Website:** [www.gomr.mms.gov](http://www.gomr.mms.gov)

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