



# NEWS

## U.S. Department of the Interior

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### **Oil and Gas Lease Sales in Gulf of Mexico Attract \$3.7 Billion**

#### Sales Launch Enhanced Revenue Sharing Program, Increased Royalty Rates; Sale 206 Sets Record for Highest Total in High Bids

**NEW ORLEANS** — Two federal sales of offshore oil and natural gas leases in the Eastern and Central Gulf of Mexico attracted more than \$3.7 billion in high bids today, inaugurating enhanced revenue sharing with oil and gas producing Gulf states, instituting higher royalty rates and underscoring the region's continuing importance as a vital source of domestic energy production for the nation.

The first sale, the Central Gulf of Mexico Sale 206, attracted a record-setting \$3,677,688,245 in high bids. This sets the record in high bids in U.S. leasing history since area-wide leasing began in 1983.

"Today's lease sales mark an important milestone in sharing substantially increased revenue from offshore oil and gas development with states willing to support it," said Secretary of the Interior Dirk Kempthorne, who opened the lease sales and announced the high bid totals.

"Beginning with Lease Sale 224, Louisiana, Mississippi, Alabama and Texas will receive a greater share in all these revenues, including bids, rental payments and royalties," Kempthorne said. "These states will share in 37.5 percent of the high bids from today's sale and all future revenues generated from the acreage leased today."

For Central Gulf of Mexico Sale 206, Interior's Minerals Management Service, which conducted the sales, received 1,057 bids from 85 companies on 615 tracts resulting in a record \$3,677,688,245 in high bids.

For Eastern Gulf of Mexico Sale 224, MMS received 58 bids from 6 companies on 36 tracts resulting in \$ 64,713,213 in high bids with an estimated 37.5 percent of that amount going directly to four Gulf producing States.

"Today's sales emphasize the Gulf's strategic value for America's energy security and the significant economic benefits of environmentally safe oil and gas production for the nation and the Gulf of Mexico oil and gas producing states," said Randall Luthi, Director of the Minerals Management Service.

### ***Eastern Sale 224***

Lease Sale 224 encompasses 118 whole or partial unleased blocks covering 546,971 acres in the Eastern Planning Area. The acreage is located 125 statute miles and greater offshore, south of the Florida panhandle and west of the Military Mission Line in water depths ranging from 2,657 feet (810 meters) to 10,213 feet (3,113 meters).

Eastern Sale 224 is the first sale where the revenue sharing provisions of the Gulf of Mexico Energy Security Act of 2006 start immediately. The states of Alabama, Mississippi, Louisiana, and Texas will share in 37.5 percent of the high bids on whole and partial blocks in the Eastern Planning area. These four Gulf producing States will also share in 37.5 percent of all future revenues generated from the acreage leased today in the Eastern Planning Area.

The enhanced revenue sharing program was mandated by the Gulf of Mexico Energy Security Act of 2006. No royalty relief will be issued with these leases. With Central Gulf of Mexico Lease Sale 206, the royalty rate for blocks in all Gulf of Mexico water depths is increased to 18  $\frac{3}{4}$  percent from 16  $\frac{2}{3}$  percent.

In addition, 12.5 percent of revenues from today's lease sales will be deposited into the Land and Water Conservation Fund for use by states to enhance parklands and for other conservation projects. "This is significant because as we deplete a natural resource, it is important that we also invest in our natural resources," Kempthorne said.

Lease Sale 224 is the only sale scheduled to be held in the Eastern Gulf of Mexico under the current Five Year Outer Continental Shelf Oil and Gas Leasing Program. The acreage included in this Eastern GOM Lease Sale 224 was last available for lease in 1988.

"The new revenue sharing provision will provide funds to help the four Gulf producing States meet the educational, environmental and infrastructure needs of their communities," noted Luthi.

### ***Central Sale 206***

The sale offered 5,569 tracts comprising about 29.8 million acres in federal areas offshore Louisiana, Mississippi, and Alabama. The acreage is located from three to 230 miles offshore in water depths of about 10 feet (three meters) to more than 11,200 feet (3,400 meters).

Approximately 34 percent of the tracts receiving bids in this sale are in ultra-deep water -- more than 5,249 feet (1,600 meters). The deepest tract to receive a bid is Lloyd Ridge, Block 286 in 3,076 meters of water. The highest bid received on a block was \$ 105,600,789 submitted by Anadarko E&P Company LP, Murphy Exploration & Production Company – USA, Samson Offshore Company for Green Canyon Block 432.

"MMS expected continued strong interest from industry in the deepwater and ultra-deepwater areas of the Central Gulf," said Luthi. "This high level of interest is being sustained by the information gained through new discoveries and the advancements in deepwater technology."

### ***Bid Evaluation – Fair Market Value***

Before a lease is awarded, each high bid on a block will go through a thorough evaluation process by the Minerals Management Service to ensure that the public receives fair market value.

Currently there are more than 7,000 leases in the Gulf that account for 25 percent of the Nation's domestically produced oil and 15 percent of the domestically produced natural gas. More than 30,000 jobs are directly related to Gulf energy exploration and production.

***Sale Highlights***

***Central Sale 206***

**The top five companies submitting the highest dollar amount of high bids for Sale 206:**

<b>Company</b>	<b>Number of High Bids Submitted</b>	<b>Sum of High Bids Submitted</b>
Hess Corporation	25	\$437,541,152
Cobalt International Energy, L.P.	36	\$389,056,079
BP Exploration & Production Inc.	63	\$336,575,445
ConocoPhillips Company	20	\$323,891,298
Chevron U.S.A. Inc.	49	\$240,987,863

**The top five companies submitting the highest number of high bids for Sale 206:**

<b>Company</b>	<b>Number of Total Bids Submitted</b>	<b>Sum of Total Bids Submitted</b>
BP Exploration & Production Inc.	63	\$336,575,445
Chevron U.S.A. Inc.	49	\$240,987,863
BHP Billiton Petroleum (Deepwater) Inc.	42	\$ 95,652,498
Cobalt International Energy, L.P.	36	\$389,056,079
Devon Energy Production Company, L.P.	35	\$ 94,795,020

**The top five companies submitting the highest dollar amount of total bids for Sale 206:**

<b>Company</b>	<b>Number of Total Bids Submitted</b>	<b>Sum of Total Bids Submitted</b>
Hess Corporation	42	\$531,196,402
Cobalt International Energy, L.P.	65	\$450,798,265
Chevron U.S.A. Inc.	79	\$444,465,426
ConocoPhillips Company	36	\$422,953,500
BP Exploration & Production Inc.	94	\$417,299,744

**The top five bids for Sale 206:**

<b>Company</b>	<b>Area and Block Number</b>	<b>Amount of Bid</b>
Anadarko E & P Company LP		
Murphy Exploration & Production Co. –USA	Green Canyon/432	\$105,600,789
Samson Offshore Company		
Marathon Oil Company	Walker Ridge/226	\$ 93,024,910
Hess Corporation		
Cobalt International Energy, L.P.	Green Canyon/858	\$ 85,418,889
Chevron U.S.A. Inc.	Green Canyon/945	\$ 81,063,073
Cobalt International Energy, L.P.	Keathley Canyon/163	\$ 74,418,889

**Eastern Sale 224**

**The top five companies submitting the highest dollar amount of high bids for Sale 224:**

<b>Company</b>	<b>Number of High Bids Submitted</b>	<b>Sum of High Bids Submitted</b>
BHP Billiton Petroleum (Deepwater) Inc.	27	\$47,858,420
Anadarko E&P Company LP	7	\$12,754,728
Murphy Exploration & Production Company	7	\$ 3,188,682
Eni Petroleum US LLC	1	\$ 527,006
Shell Offshore Inc	1	\$ 384,377

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BHP Billiton Petroleum (Deepwater) Inc	27	\$47,858,420
Anadarko E&P Company LP	9	\$13,168,160
Murphy Exploration & Production Company	9	\$ 3,292,040
Eni Petroleum US LLC	9	\$ 2,957,665
Shell Offshore Inc.	4	\$ 2,796,508

**The top five bids for Sale 224:**

<b>Company</b>	<b>Area and Block Number</b>	<b>Amount of Bid</b>
Anadarko E&P Company LP	Lloyd Ridge/289	\$8,049,750
Murphy Exploration & Production Co. -USA		
BHP Billiton Petroleum (Deepwater) Inc	De Soto Canyon/680	\$5,285,555
BPH Billiton Petroleum (Deepwater) Inc	De Soto Canyon/681	\$5,285,555
BPH Billiton Petroleum (Deepwater) Inc	De Soto Canyon/725	\$5,285,555
BHP Billiton Petroleum (Deepwater) Inc	De Soto Canyon/726	\$5,285,555

More information is available online at [www.mms.gov](http://www.mms.gov)