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Contact: Caryl Fagot
(504) 736-2590
Nicolette Nye
(504) 736-2775

Western Gulf of Mexico Sale 192 Attracts \$171,387,285 in High Bids

Interest in Deep Gas Still High

Deep gas remained an important focus of Western Gulf of Mexico Sale 192 held in New Orleans today. The offshore oil and natural gas lease sale, held by the Department of the Interior's Minerals Management Service, attracted \$171,387,285 in high bids. Fifty-four companies participated in the sale, which offered 3,907 tracts comprising approximately 21.2 million acres offshore Texas and Louisiana. The MMS received 421 bids on 351 tracts. Bids totaled \$197,395,164.

"The Deep Gas Relief Incentives announced by Interior Secretary Gale Norton in January seem to be effectively enticing more operators to drill for deep gas in the Gulf of Mexico," said MMS Director Johnnie Burton.

Of the 351 tracts receiving bids, 135 are in water depths less than 200 meters--where deep gas is usually found. This is a 22 percent increase from a year ago, when companies bid on 110 tracts in water depths less than 200 meters during Western Gulf of Mexico Sale 187.

MMS Gulf of Mexico Regional Director Chris Oynes called the sale "The best Western Gulf sale in six years in terms of the number of bids received and the number of tracts bid on."

The highest bid received on a block was \$6,775,400, submitted by The Houston Exploration Company for High Island Area, East Addition, South Extension, block A 270. Approximately 44 percent of the tracts receiving bids are in ultra-deep water (more than 800 meters). The deepest tract bid on was Keathley Canyon, block 1009, in 2,824 meters of water.

The high bid on a block will go through an evaluation process to ensure the public receives market value before a lease is awarded.

Interest in deepwater and ultra-deepwater tracts was also high. Of 193 deepwater tracts bid on, 37 are in water depths from 400 to 799 meters, 101 in 800 to 1599 meters, and 55 in 1600 meters or greater.

“This vibrant sale is certainly a step in the right direction in boosting domestic energy production,” Director Burton said. “The Gulf of Mexico Outer Continental Shelf is a critical source of energy for the U.S., and its contribution is projected to grow significantly as more deepwater projects come online.”

Minerals Management Service is the federal agency in the U.S. Department of the Interior that manages the nation’s oil, natural gas, and other mineral resources on the Outer Continental Shelf in Federal offshore waters. The agency also collects, accounts for, and disburses mineral revenues from Federal and American Indian lands. MMS disbursed more than \$8 billion in FY 2003 and more than \$135 billion since the agency was created in 1982. Nearly \$1 billion from those revenues go into the Land and Water Conservation Fund annually for the acquisition and development of state and Federal park and recreation lands.

MMS Main Website: www.mms.gov
Gulf of Mexico Website: www.gomr.mms.gov

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