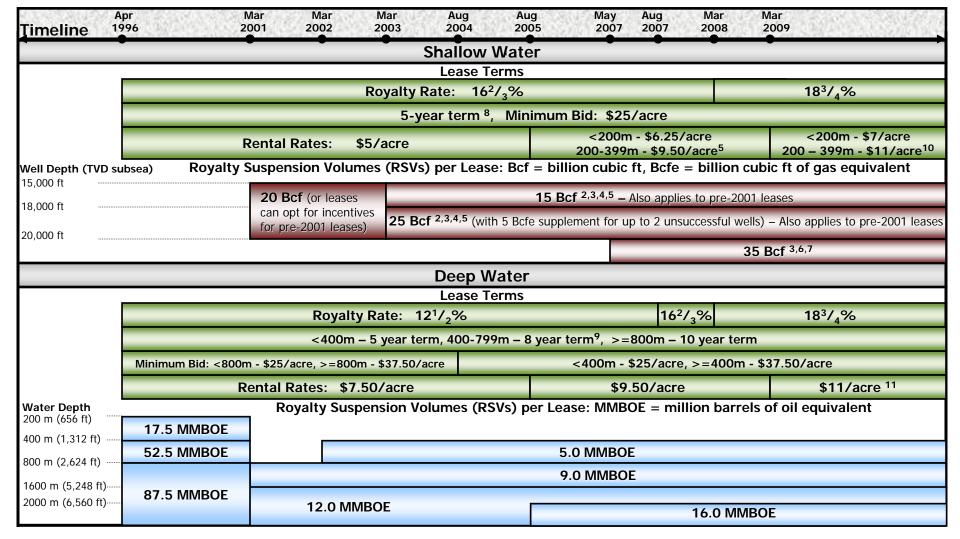
## MMS Gulf of Mexico Lease Terms & Royalty Relief<sup>1</sup>



## \* Footnotes

- 1. For Gulf of Mexico leases wholly west of 87 degrees, 30 minutes West longitude; Royalty Relief suspended in years when NYMEX price exceeds specified price thresholds.
- 2. For wells spud on or after March 26, 2003 and producing before May 3, 2009.
- 3. Sidetrack wells producing by May 2009 in 0-200 water or May 2013 in 200-400m water qualify for RSV based on length of sidetrack. Ultra-deep sidetracks at least 20,000 ft long qualify for full RSV.
- 4. Authorized by Sec. 344 of EPAct05. MMS Rule limits to wells spud on or after May 18, 2007 in 200-400m water and producing before May 3, 2013 on leases with no deepwater royalty relief.
- 5. Leases in 200-400m water became eligible May 2007
- 6. Authorized by Sec. 344 of EPAct05, MMS Rule limits relief to wells spud on or after May 18, 2007 on leases with no deep wells nor deepwater royalty relief in 0-400m water.
- 7. Also applies to pre-2001 leases.
- 8. 5-year term extended for 3 years after 25,000-foot well with escalation of rentals beginning in August 2007.
- 9. For lease with an 8-year term, commencement of an exploratory well is required within the first 5 years of the initial 8-year term.
- 10. For <200m, rental rates escalates in Yr 6 (\$14), Yr7(\$21), Yr8(\$28) if lease extension approved. For 200 -400m, rental rates escalates in Yr6 (\$22), Yr7(\$33), Yr8(\$44) if lease extension approved.
- 11. For 400-800m, rental rates for Yr6 to 8 increase to \$16 if exploratory well drilled per 30 CFR 256.37. For >800m, rental rates for Yr6 to 10 increase to \$16.