
Leasing Activities Information



U.S. Department of the Interior
Minerals Management Service
Gulf of Mexico OCS Region

Information To Lessees Central Gulf of Mexico Planning Area Lease Sale 206

(Final Notice of Sale)

This document contains Information to Lessees (ITL) paragraphs designed to inform potential bidders of notable applicable requirements of Federal Agencies other than the U.S. Minerals Management Service (MMS) as well as emerging MMS requirements that may apply to this sale.

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(a) Navigation Safety. Operations on some of the blocks offered for lease may be restricted by designation of fairways, precautionary zones, anchorages, safety zones, or traffic separation schemes established by the U.S. Coast Guard pursuant to the Ports and Waterways Safety Act (33 U.S.C. 1221 et seq.), as amended, and the Deepwater Port Act (33 U.S.C. 1501-1524). Bidders are advised to review the U.S. Coast Guard (USCG) regulations at 33 CFR Part 150, including Appendix A, regarding Deepwater Port Safety Zone Boundaries, and Annex A regarding the Louisiana Offshore Oil Port (LOOP) Safety Zones.

U.S. Army Corps of Engineers (COE) permits are required for construction of any artificial islands, installations, and other devices permanently or temporarily attached to the seabed located on the Outer Continental Shelf (OCS) in accordance with section 4(e) of the OCS Lands Act, as amended.

For additional information, prospective bidders should contact Lieutenant Commander Steve Keel, Sector New Orleans, 1615 Poydras Street, Suite 700, New Orleans, Louisiana 70112, (504) 565-5044. For COE information, prospective bidders should contact Mr. Pete Serio CELMN-OD-S, P.O. Box 60267, New Orleans, Louisiana 70160-0267, (504) 862-2255.

(b) Ordnance Disposal Areas. Bidders are cautioned as to the existence of two inactive ordnance disposal areas in Mississippi Canyon, shown on the map “Stipulations and Deferred Blocks, Lease Sale 206” included in the Final Notice of Sale 206 Package (FNOS 206 Package). These areas were used to dispose of ordnance of unknown quantity and composition. Water depths range from approximately 750 to 1,525 meters. Bottom sediments in both areas are soft, consisting of silty clays. Exploration and development activities in these areas require precautions commensurate with the potential hazards.

The U.S. Air Force has released an indeterminable amount of unexploded ordnance throughout Eglin Water Test Areas 1 and 3. The exact location of the unexploded ordnance is unknown, and lessees are advised that all lease blocks included in this sale within these water test areas should be considered potentially hazardous to drilling and platform and pipeline placement.

(c) Communications Towers. The U.S. Air Force has installed seven military communications towers in the Chandeleur/Mobile/Viosca Knoll area which support Air Combat Maneuvering Instrumentation (ACMI). This project may impose certain restrictions on oil and gas activities in that area since no activity can take place within 500 feet of a tower site, and unobstructed lines of sight must be maintained between towers. The seven towers are located within Mobile Blocks 769, 819, and 990; Viosca Knoll Block 116; Chandeleur Area Blocks 33 and 61; and Chandeleur Area, East Addition, Block 39. Information and maps of the specific locations and line of sight crossings for ACMI towers may be obtained from Mr. Carrol Williams at (504) 736-2803, or Ms. Nancy Kornrumpf at (504) 736-2726, in the Gulf of Mexico Region.

(d) Proposed Artificial Reefs/Rigs to Reefs. Bidders are advised that there are OCS artificial reef planning and general permit areas, and reef sites for the Gulf of Mexico. These are located in water depths of less than 200 meters. While all artificial reef sites require a

permit from the COE, the Artificial Reefs/Rigs-to-Reefs program is implemented with State sponsorship through the following State Coordinators:

<u>Alabama</u>	Mr. Steve Heath	(251) 968-7576
<u>Florida</u>	Mr. Jon Dodrill	(850) 922-4340
<u>Louisiana</u>	Mr. Doug Peter	(225) 765-2375
<u>Mississippi</u>	Mr. Kerwin Cuevas	(228) 523-4061
<u>Texas</u>	Mr. Dale Shively	(512) 389-4686

For more information on Artificial Reef/Rigs-to-Reefs sites, prospective bidders should contact the above-listed State Artificial Reef Coordinators for their areas of interest.

(e) Lightering Zones. Bidders are advised that the USCG has designated certain areas of the Gulf of Mexico as lightering zones for the purpose of permitting single hull vessels to offload oil within the U.S. Exclusive Economic Zone. Such designation may have implications for oil and gas operations in the areas. See 33 CFR 156.300 for the regulations concerning lightering zones; additional information may be obtained from Lieutenant Commander Kevin Ullrich of the USCG'S Ports and Facilities Compliance Staff (G-MOC-3) at (202) 372-1232.

(f) Information about Indicated Hydrocarbons. Bidders are advised that the MMS makes available, approximately 3 months prior to a lease sale, a list of unleased tracts having wellbores with indicated hydrocarbons, which includes Eastern Planning Area data as well as any Western Planning Area data. Basic information relating to production, wellbores, and pay range for each tract is included in the list. The list is available from the MMS Gulf of Mexico Region web site at: <http://www.gomr.mms.gov/homepg/offshore/gulfocs/hclist/hclist.html>.

(g) Military Areas. Military Warning Areas are established in the Federal Aviation Administration (FAA) Air Traffic Document JO 7400.8N "Title 14-Aeronautics and Space - Chapter 1 Federal Aviation Administration - Subchapter Airspace - Part 73- Special Use Airspace Regulatory and Nonregulatory" This document may be downloaded from the FAA web site: http://www.faa.gov/airports_airtraffic/air_traffic/publications/at_orders/media/SUA.pdf.

The Military Areas Stipulation (Stipulation No. 3 in the document "Lease Stipulations", included in the FNOS 206 Package) will be applied to leases in any new areas that may be established by that publication in addition to blocks in those Warning Areas which have had the stipulation in past sales.

Certain restrictions on flights and radio communications in the Warning Areas will require close coordination between lessees (and their operators and agents) and the appropriate military commander using the specific Warning Area. It is the responsibility of lessees to establish and maintain contact and coordination with the military commander(s) in any Warning Area in which operations or flights would be expected in the course of occupying and developing any leases; this could include flights through a Warning Area traveling to a leased block which is not in a Warning Area.

Lessees should establish and maintain contact and coordination with the appropriate military commander(s) whether or not there is a military stipulation in their lease(s).

The contact for administrative questions about the warning areas is:
Federal Aviation Administration
Houston Air Route Traffic Control (ARTC) Center
16600 John F. Kennedy Boulevard
Houston, Texas 77032
Telephone: (281) 230-5563

The stipulation also applies to the Eglin Water Test Areas (EWTA's), which are established by agreement between the U.S. Air Force (Eglin Air Force Base) and the FAA. A small portion of the extreme eastern portion of the Central Planning Area is included in EWTA's 1 and 3.

For additional information, including a map of the Military Warning and Water Test Areas, see Notice to Lessees (NTL) 2004-G02, available from the MMS Gulf of Mexico Region Public Information Unit at the address at the end of this document and from the MMS Internet site at: <http://www.gomr.mms.gov/homepg/regulate/regs/ntls/ntl04-g02.html>.

(h) Unleased Blocks Offshore Baldwin County, Alabama. The MMS is offering unleased blocks within this area for leasing in Lease Sale 206 subject to a stipulation (Stipulation No. 6) to mitigate possible visual impacts from fixed structures on the blocks.

The stipulation requires lessees to minimize surface structures and, when surface structures are necessary, to limit their visibility from shore. The MMS will consult with the State of Alabama prior to approving a Development Operations Coordination Document (DOCD) in these blocks.

(i) Lease Stipulation for Protected Species (Sea Turtles, Marine Mammals, Gulf Sturgeon, Brown Pelican, Whooping Cranes, and Other Federally Protected Species). Bidders are advised that, pursuant to requirements of section 7 of the Endangered Species Act, the MMS has conducted formal consultations with the National Marine Fisheries Service (NMFS) and the U.S. Fish and Wildlife Service (FWS). The biological opinions issued by NMFS and FWS specify measures to minimize or avoid potential adverse impacts to protected species. In accordance with these opinions, the MMS has included terms and conditions as appropriate in the Protected Species Stipulation (Stipulation No. 8), and in several NTL's. Bidders should also note that NMFS included in its opinion a conservation recommendation that permit holders maintain helicopter traffic over the Gulf at altitudes above 1,000 feet if practicable, to avoid disturbance to whales and sea turtles. The FWS has recommended in its opinion that, to avoid disturbance of brown pelican nesting activities, aircraft working on OCS activities should avoid flying lower than 1,000 feet above ground level or within a 2,000-foot perimeter around an island containing a nesting colony.

Three NTL's are currently in force to implement these measures.

NTL No. 2007-G02, entitled "Implementation of Seismic Survey Mitigation Measures and Protected Species Observer Program," is effective February 7, 2007. The NTL, issued pursuant to 30 CFR 250.103, explains how to implement seismic survey mitigation measures. This NTL supersedes and replaces NTL No. 2004-G01, and applies to all seismic operations throughout the Gulf of Mexico OCS in waters greater than 200 meters (656 feet) in depth, and in all water depths in the Eastern Planning Area of the Gulf of Mexico. These measures apply to all on-lease seismic surveys conducted under 30 CFR 250.201 and all off-lease seismic surveys conducted under 30 CFR 251. This NTL may be obtained from our Public Information Unit at the address at the end of this document or online at: www.gomr.mms.gov/homepg/regulate/regs/ntls/2007NTLs/07-g02.pdf.

NTL No. 2007-G03, entitled "Marine Trash and Debris Awareness and Elimination" became effective on February 7, 2007, and is issued pursuant to 30 CFR 250.103. This NTL supersedes NTL No. 2003-G11 on this subject. The NTL provides guidance to prevent intentional and/or accidental introduction of debris into the marine environment. This NTL applies to all existing and future oil and gas operations in the Gulf of Mexico OCS. The NTL provides information on the marine trash debris awareness training video and slide show, and both postal and e-mail addresses for submitting annual training reports. This NTL may be obtained from our Public Information Unit at the address at the end of this document or online at: www.gomr.mms.gov/homepg/regulate/regs/ntls/2007NTLs/07-g03.pdf.

NTL No. 2007-G04, entitled "Vessel Strike Avoidance and Injured/Dead Protected Species Reporting", became effective on February 7, 2007, and is issued pursuant to 30 CFR 250.103 and 30 CFR 250.282 to explain how to implement measures to minimize the risk of vessel strikes to protected species and to report observations of injured or dead protected species. This NTL supersedes NTL 2003-G11 on this subject and revises the protected species reporting procedures and contact information. This NTL applies to all existing and future oil and gas operations in the Gulf of Mexico OCS. This NTL may be obtained from our Public Information Unit at the address at the end of this document or online at: www.gomr.mms.gov/homepg/regulate/regs/ntls/2007NTLs/07-g04.pdf.

(j) Safety Zones for Certain Production Facilities. Bidders are advised to review the USCG regulations at 33 CFR, Chapter I, Part 147 - Safety Zones. These regulations established a 500-meters (1,640.4-foot) safety zone around several oil and gas production facilities on the Gulf of Mexico OCS, measured from each point on its outer edge or from its construction site, not to interfere with the use of recognized sea lanes essential to navigation. These facilities and their locations are specifically identified at 33 CFR, Chapter 1, Parts 147.801 through 147.843.

These regulations prevent all vessels from entering or remaining in the safety zones except for: an attending vessel, a vessel under 100 feet in length overall not engaged in towing, or a vessel authorized by the Eighth Coast Guard District Commander.

(k) MMS Inspection and Enforcement of Certain Coast Guard Regulations. Bidders are advised to review the USCG regulations at 33 CFR, Chapter I, Part 140, Subpart B – Inspections. These regulations authorize the MMS to perform inspections on fixed OCS facilities engaged in OCS activities and to enforce USCG regulations applicable to those facilities in accordance with 33 CFR, Chapter I, Subchapter N. Specific questions regarding this authorization may be directed to the U.S. Coast Guard, Eighth District, Marine Safety Office, 1615 Poydras Street, New Orleans, Louisiana 70112.

(l) Deepwater Port Applications for Offshore Liquefied Natural Gas Facilities. To date, the USCG and the Maritime Administration have received nine applications for the licensing of deepwater ports involving proposed liquefied natural gas (LNG) facilities in the Gulf of Mexico OCS Region, three of which have been formally withdrawn. These six remaining active or proposed facilities are designed to receive LNG ships, re-gasify the LNG offshore, and transport the natural gas to onshore markets either through new pipelines to onshore facilities or through pre-existing pipeline systems. Three of these LNG projects have been granted licenses by the Maritime Administration: Gulf Gateway Energy Bridge® on West Cameron Area, South Addition, Block 603 (currently leased); Port Pelican on Vermilion Area, Blocks 139 and 140 (currently unleased); and Gulf Landing on West Cameron Area, Block 213 (currently unleased). The Gulf Gateway facility has been constructed and is receiving periodic LNG shipments. Both the Port Pelican and Gulf Landing projects have been put on hold indefinitely by their respective license holders. The MMS is offering the two unleased blocks in Vermilion Area, Blocks 139 and 140, and a third unleased block in West Cameron Area, Block 213, in Lease Sale 206 subject to stipulations which limit the use of the seabed and water column in the vicinity of the approved Port Pelican and Gulf Landing offshore LNG deepwater ports receiving terminals. For more specific information on this matter, please see Stipulations No. 9 and 11 within the "Lease Stipulations" document of the FNOS 206 Package. You are also advised to review relevant deepwater port applications; MARAD records of decision; and port licenses to assess safety zones, no anchoring zones, avoidance areas, recommended routes, and other ships' routing measures that could prevent or otherwise impact oil and gas operations on and around both existing and proposed deepwater port locations.

Additional information regarding the approved and proposed offshore LNG receiving and re-gasification facilities can be obtained at the following address:

Department of Homeland Security
U.S. Coast Guard
Deepwater Ports Standards Division
2100 Second Street, SW
Washington, DC 20593-0001
(202) 372-1440
(202) 372-1926(fax)

By email to the USCG at:
dwp@comdt.uscg.mil

From the USCG Deepwater Port Division web site:
<http://www.uscg.mil/hq/g-m/mso/mso5.htm>.

Or by contacting:
Mr. Kevin Tone
U.S. Coast Guard
(202) 372-1441
Ktone@comdt.uscg.mil

You may also access all publicly available data related to this as well as all other deepwater port projects on the U.S. Department of Transportation's Docket Management System at <http://dms.dot.gov/search/searchFormSimple.cfm>. The site includes the deepwater port applications and their accompanying environmental reports, and can be located by doing a simple search on the project's docket number noted below.

License Issued: Port Pelican L.L.C. Deepwater Port License Application. Docket Number: USCG-2002-14134.

License Issued: Gulf Gateway (formerly El Paso Energy Bridge Gulf of Mexico L.L.C.) Deepwater Port License Application. Docket Number: USCG-2003-14294.

License Issued: Gulf Landing L.L.C Liquefied Natural Gas Deepwater Port License Application. Docket Number: USCG-2004-16860.

Formally Withdrawn: Compass Port L.L.C. LNG Deepwater Port License Application. Docket Number: USCG-2004-17659.

Formally Withdrawn: Pearl Crossing LNG Terminal L.L.C. Deepwater Port License Application. Docket Number: USCG-2004-18474.

Formally Withdrawn: Beacon Port L.L.C. LNG Deepwater Port License Application. Docket Number: USCG-2005-21232.

Freeport McMoRan Energy L.L.C. Main Pass Energy Hub Deepwater Port License Application. Docket Number: USCG-2004-17696.

Bienville LNG Offshore Energy Terminal Deepwater Port License Application. Docket Number: USCG-2006-24644.

(m) Ocean Dredged Material Disposal Sites. Under the Marine Protection, Research, and Sanctuaries Act of 1972 (MPRSA), the U.S. Environmental Protection Agency (USEPA) has the responsibility for designating and managing Ocean Dredged Material Disposal Sites (ODMDS). The USEPA currently has six ODMDS in the Gulf of Mexico. Four of these

ODMDS are located within the Central Gulf of Mexico Planning Area offshore Pascagoula and Gulfport, Mississippi, and Mobile, Alabama. Another two are located within the Eastern Planning Area offshore Pensacola, Florida (located in Pensacola Blocks 846 and 847 and another site in State waters). In addition, USEPA is considering designation of an additional ODMDS offshore Gulfport, Mississippi, and enlarging the existing or designating a new ODMDS offshore Mobile, Alabama. The USEPA Final National Pollutant Discharge Elimination System (NPDES) General Permit No. GMG460000 For Offshore Oil and Gas Activities in the Eastern Gulf of Mexico does not allow the discharge of any drilling fluids, drill cuttings or wastewaters from those facilities within 1,000 meters of or in an USEPA-designated ODMDS. Coordinates for the ODMDS can be found in the U.S. Code of Federal Regulations at 40 CFR 228.15.15(h) or at <http://www.epa.gov/region4/water/oceans/sites.htm>. The USEPA contacts on this matter are Mr. Chris McArthur, Ocean Disposal Program Coordinator, mcarthur.christopher@epa.gov, (404) 562-9391 or Mr. Doug Johnson, johnson.doug@epa.gov, (404) 562-9386.

You may also wish to contact the U.S. Army Corps of Engineers, Mobile District, as they jointly manage the sites with USEPA. Their contacts are as follows:

Ms. Susan Rees, Susan.I.Rees@sam.usace.army.mil, (251) 694-4141, or Ms. Jenny Jacobson, Jennifer.L.Jacobson@sam.usace.army.mil, (251) 690-2724.

(n) Debarment and Suspension (Nonprocurement). Bidders are advised that in accordance with regulations at 2 CFR Part 180 and 2 CFR Part 1400, 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.

(o) Potential Sand Dredging Activities on Sabine Pass Area, Blocks 10 through 16; West Cameron Area, Blocks 20 through 22, 43 through 45, 56 through 58, 90 through 93, 113 through 118, 128 through 134, 147 through 149, 155 through 157, 160 through 162, and 168 through 172; Vermilion Area, Blocks 11, 30, 51 through 54, 69 through 75, and 87 through 96; South Marsh Island Area, North Addition, Blocks 207 through 237, 241 through 249, 259, and 260; Eugene Island Area, Blocks 10, 18 through 35, 37 through 69, and 71 through 93; Ship Shoal Area, Blocks 64, 71, 84 through 100, and 107 through 110; South Pelto Area, Blocks 11 through 14, and 18 through 20; West Delta Area, Blocks 20 through 31, 43 through 50, and 56 through 61; Main Pass Area, Blocks 86 through 90, 93 through 114, 161, 162, 180, and 181; Chandeleur Area, Blocks 16 through 27 and 29 through 34; and Mobile, Blocks 816 through 821, 860-865, 904-909. It is likely that offshore dredging activities to obtain OCS sand for beach nourishment and coastal restoration projects will occur in some of the blocks cited above in the next 5 years. Additional Sabine Pass Area, West Cameron Area, Vermillion Area, South Marsh Island Area, Ship Shoal Area, South Pelto Area, West Delta Area, Main Pass Area, Chandeleur Area, and Mobile Blocks have been recently added to the list. The National Oceanic and Atmospheric Administration and the Louisiana Department of Natural Resources

plan to use approximately 4.8 million cubic yards of sand from the Sandy Point borrow areas in the West Delta Area to restore Pelican Island. The Louisiana Department of Natural Resources is considering the use of sand from the buried Peveto Channel deposit in the West Cameron Area and Sabine Bank in the Sabine Pass and West Cameron Areas to renourish Holly Beach. The USEPA, Region 6, and the Louisiana Department of Natural Resources are considering the use of 5.2 million cubic yards of sand from the Ship Shoal Area for a coastal barrier island protection project at Whiskey Island. In July 2004, the COE released the draft plan that identified Ship, Tiger, and Trinity Shoals as possible sand sources for the coastal restoration portion of a 10-year, \$1.9 billion program to address the most critical ecological needs facing the Louisiana coastal area. St. Bernard Shoals has been identified as a possible target for the restoration of the Chandeleur Islands. In late 2007, the passage of the Water Resources Development Act of 2007 authorized the Louisiana Coastal Area Restoration Plan. Approximately 61 million cubic yards of OCS sand could be required for barrier shoreline, headlands, and island restoration actions. For further information, please contact Chief, Leasing Division, Minerals Management Service, at (703) 787-1215.

(p) Concrete Anchors. Bidders are advised of the existence of nondegradable concrete anchors left on the seafloor after acquisition of several geophysical surveys in various areas in the Gulf of Mexico.

The locations of these anchors should be considered when conducting post-lease hazard surveys, as required by MMS regulation 30 CFR 250 Subpart B.

Additional information regarding the locations of these anchors will be made available on MMs's web site in the near future; however, until this web site is available, questions regarding the concrete anchors may be directed to Mr. Harshad Patel at (504) 736-5712 or Mr. Ron Brinkman at (504) 736-2720.

(q) Force Majeure.- Bidders are advised that the Regional Director of the MMS Gulf of Mexico Region has the discretion to change any date, time, and/or location specified in the 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.

**Gulf of Mexico Region Public Information Unit
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