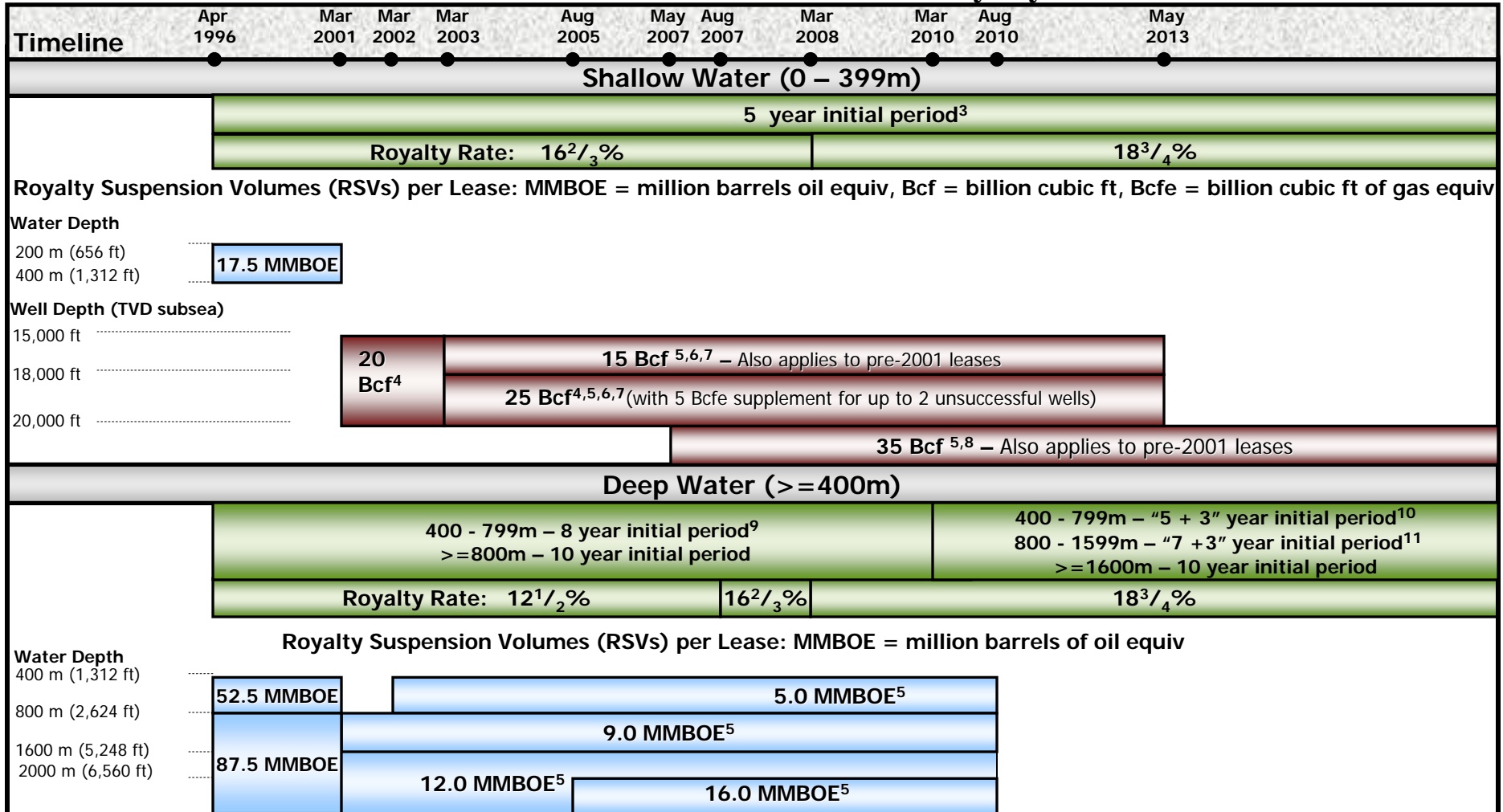


# MMS Gulf of Mexico Lease Terms<sup>1</sup> & Royalty Relief<sup>2</sup>



**\* Footnotes:**

1. For minimum bid and rental rates over time see <http://www.mms.gov/econ/Excel/GOMLeaseTermHistory.xls>
2. For Gulf of Mexico leases wholly west of 87 degrees, 30 minutes West longitude where royalty relief before production starts is authorized by the DWRRA Sec.302. See regulations 30 CFR260.112-116, 260.120-124, 203.40-49, 203.30-36.
3. 5-year initial period extended for 3 years after 25,000-foot well with escalation of rentals beginning in August 2007.
4. 20 Bcf or leases can opt for incentives for pre-2001 leases.
5. Subject to price thresholds (<http://www.mms.gov/econ/PDFs/CurrentPT.pdf>) specified in lease term or regulations.
6. For wells spud on or after March 26, 2003 and producing before May 3, 2009 on leases in 0-200m water or on or after May 18, 2007 and producing before May 3, 2013 in 200-400 m water on leases with no deepwater royalty relief.
7. 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.
8. Authorized by Sec. 344 of EPLAct05, 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.
9. For lease with an 8-year term, spudding a well is required within the first 5 years of the 8-year term initial period to avoid lease cancellation.
10. For lease with a “5+3” year term, spudding a well within the 5 year initial period earns a 3 year extension.
11. For lease with a “7+3” year term, spudding a well within the 7 year initial period earns a 3 year extension.