

DEPARTMENT OF THE INTERIOR

Minerals Management Service (MMS)

Outer Continental Shelf (OCS) Central Planning Area (CPA) Gulf of Mexico (GOM) Oil and Gas Lease Sale 213

AGENCY: Minerals Management Service, Interior.

ACTION: Proposed Notice of Sale (NOS) 213

SUMMARY: The Minerals Management Service (MMS) proposes to hold CPA Oil and Gas Lease Sale 213 on Wednesday, March 17, 2010, in accordance with provisions of the OCS Lands Act (43 U.S.C. 1331-1356, as amended) and the regulations issued thereunder (30 CFR Part 256). The Proposed Notice of Sale 213 Package (Proposed NOS 213 Package) contains information essential to potential bidders, and bidders are charged with the knowledge of the documents contained in the Package.

DATES: The MMS proposes to hold CPA Oil and Gas Lease Sale 213 on Wednesday, March 17, 2010, at a New Orleans site to be determined. Public bid reading would begin at 9:00 a.m. All times referred to in this document are local New Orleans times, unless otherwise specified.

Note: The MMS is accepting comments on the proposed revision of the lease terms for blocks in water depths of 400 meters to less than 1600 meters. Blocks in 400 to less than 800 meters change from an 8-year lease term (where commencement of an exploratory well is required within the first 5 years of the initial 8-year term to avoid lease cancellation) to a 5-year initial lease term (where commencement of an exploratory well within the initial lease term would extend the lease term to 8 years). Blocks in 800 to less than 1600 meters change from a 10-year initial lease term to a 7-year initial lease term (commencement of an exploratory well within the initial lease term would extend the lease term to 10 years). Please address any comments or questions related to this matter to Dr. Marshall Rose, MMS, Chief, Economics Division, at (703) 787-1536 or marshall.rose@mms.gov within 30 days.

ADDRESSES: Interested parties can obtain a Package by writing or calling the:

Gulf of Mexico Region Public Information Unit
Minerals Management Service
1201 Elmwood Park Boulevard
New Orleans, Louisiana 70123-2394
(504) 736-2519 or (800) 200-GULF
MMS GOM Internet website at: www.gomr.mms.gov.

BID SUBMISSION DEADLINE: Bidders will be required to submit bids to the MMS at the Gulf of Mexico Region, 1201 Elmwood Park Boulevard, New Orleans, Louisiana 70123-2394, by 10:00 a.m. on the day before the lease sale, Tuesday, March 16, 2010. The MMS will specify procedures for bid submission in the Final NOS 213 Package.

PROPOSED LEASE SALE AREA: The MMS proposes to offer for bid in this lease sale all of the unleased acreage in the CPA in the GOM except:

Although currently unleased, the bid decision on the following block is under appeal and bids will not be accepted:

Mississippi Canyon (OPD NH16-10)
Block 943

This block is deferred until measures to ensure the safety of decommissioning operations are completed:

Green Canyon (OPD NG15-03)
Block 20

Whole blocks and portions of blocks that lie within the former Western Gap portion of the 1.4 nautical mile buffer zone north of the continental shelf boundary between the United States and Mexico:

Amery Terrace (OPD NG 15-09)
Whole Blocks: 280, 281, 318 through 320, and 355 through 359
Portions of Blocks: 235 through 238, 273 through 279, and 309 through 317

Sigsbee Escarpment (OPD NG 15-08)
Whole Blocks: 239, 284, 331 through 341
Portions of Blocks: 151, 195, 196, 240, 241, 285 through 298, 342 through 349

Whole blocks and portions of blocks, which are adjacent to or beyond the United States Exclusive Economic Zone, in or adjacent to the area known as the northern portion of the Eastern Gap:

Lund South (OPD NG 16-07)
Whole Blocks: 128, 129, 169 through 173, 208, through 217, 248 through 261, 293 through 305, and 349

Henderson (OPD NG 16-05)
Whole Blocks: 466, 508 through 510, 551 through 554, 594 through 599, 637 through 643, 679 through 687, 722 through 731, 764 through 775, 807 through 819, 849 through 862, 891 through 905, 933 through 949, and 975 through 992

Portions of Blocks: 467, 511, 555, 556, 600, 644, 688, 732, 776, 777, 820, 821, 863, 864, 906, 907, 950, 993, and 994

Florida Plain (OPD NG 16-08)

Whole Blocks: 5 through 24, 46 through 67, 89 through 110, 133 through 154, 177 through 197, 221 through 240, 265 through 283, 309 through 327, and 363 through 370

Whole blocks and portions of blocks deferred by Gulf of Mexico Energy Security Act:

Pensacola (OPD NH 16-05)

Blocks: 751 through 754, 793 through 798, 837 through 842, 881 through 886, 925 through 930, 969 through 975

Destin Dome (OPD NH 16-08)

Whole Blocks: 1 through 7, 45 through 51, 89 through 96, 133 through 140, 177 through 184, 221 through 228, 265 through 273, 309 through 317, 353 through 361, 397 through 405, 441 through 450, 485 through 494, 529 through 538, 573 through 582, 617 through 627, 661 through 671, 705 through 715, 749 through 759, 793 through 804, 837 through 848, 881 through 892, 925 through 936, and 969 through 981

DeSoto Canyon (OPD NH 16-11)

Whole Blocks: 1 through 15, 45 through 59, and 92 through 102

Portions of Blocks: 16, 60, 61, 89 through 91, 103 through 105, and 135 through 147

Henderson (OPD NG 16-05)

Portions of Blocks: 114, 158, 202, 246, 290, 334, 335, 378, 379, 422, and 423

STATUTES AND REGULATIONS: Each lease issued in this lease sale is subject to the OCS Lands Act of August 7, 1953; 43 U.S.C. 1331 et seq., as amended, hereinafter called “the Act;” regulations promulgated pursuant thereto; other statutes and regulations in existence upon the Effective Date of the Lease; and those statutes enacted and regulations promulgated thereafter, except to the extent they are inconsistent with an express provision of this lease. This lease form language change conforms this term of OCS mineral leases with that of onshore, Bureau of Land Management (BLM) leases and avoids a narrow and never intended reading of the previous lease language to limit the obligation of lessees to comply with later enacted laws.

The MMS will use the recently revised Form MMS-2005 (October 2009) to convey leases; it can be viewed at <http://www.gomr.mms.gov/homepg/mmsforms/FormMMS-2005.pdf>. The lease form will be amended with the specific terms, conditions and stipulations applicable to the individual lease. Addressed below are the collective terms, conditions, and stipulations applicable to this sale.

LEASE TERMS AND CONDITIONS: Proposed initial periods, extensions of initial periods, minimum bonus bid amounts, rental rates, escalating rental rates for leases with an approved extension of the initial 5-year period, royalty rate, minimum royalty, and royalty suspension

provisions, if any, applicable to this sale are noted below. Depictions of related areas are shown on the map “Proposed, Central Planning Area, Lease Sale 213, March 2010, Lease Terms and Economic Conditions,” for leases resulting from this lease sale.

Please Note: The following terms and conditions are proposed; they are not final. Different terms and conditions may be employed in the Final Notice of Sale. Also, the MMS is proposing two new lease terms in this sale.

The proposed 5-year term in 400 to less than 800 meters with an earned extension of 3 additional years (“5+3”) supersedes and replaces the previous 8-year lease term provisions for these water depths as provided by regulations at 30 CFR 256.37 (a)(3) where commencement of an exploratory well is required within the first 5 years of the initial 8-year term to avoid lease cancellation. This change relieves MMS of the administrative burden of taking action to cancel a lease, and instead requires the lessee to apply for an extension with evidence that it has earned it by spudding a well to secure MMS approval.

A new lease term of 7 years with an earned extension of an additional 3 years (“7+3”) is proposed as a substitute for the traditional 10-year lease term in 800 to less than 1600 meters. The deepwater challenges and drilling difficulties justifying longer lease terms under the OCSLA in 800 to less than 1600 meters have diminished considerably, although not completely, over the last 25 years. The proposed 7+3 lease term recognizes that exploration can typically be undertaken within the initial 7-year lease term, but development still may require the full 10 year term. In both the 5+3 and 7+3 cases, the lease expires at the end of 5 or 7 years, respectively, if no drilling is started before the end of the 5th or 7th year, respectively.

Initial Periods: 5 years for blocks in water depths of less than 400 meters (subject to administrative requirements noted below, an ultra-deep exploratory well within the 5-year initial lease term will extend the lease term to 8 years); 5 years for blocks in water depths of 400 to less than 800 meters (subject to administrative requirements noted below, the initial lease term will be extended to 8 years conditional upon the commencement of an exploratory well within the initial 5-year lease term); 7 years for blocks in water depths of 800 meters to less than 1600 meters (subject to administrative requirements noted below, the initial lease term will be extended to 10 years conditional upon the commencement of an exploratory well within the initial 7-year lease term); and 10 years for blocks in water depths of 1600 meters or deeper.

Water Depth (meters)	Term (years)
0 to <400	5 years and +3 years for drilling >25,000 feet TVD (see <i>Extensions of Initial Periods</i> below).
400 to <800	5 years and +3 years for drilling (see <i>Extensions of Initial Periods</i> below).
800 to <1600	7 years and +3 years for drilling (see <i>Extensions of Initial Periods</i> below).
1600+	10 years

Extensions of Initial Periods:

1. The 5-year initial lease term for a lease in water depths of less than 400 meters and issued from this sale may be extended to 8 years if a well, targeting hydrocarbons below 25,000 feet true vertical depth subsea (TVD SS), is spudded within the first 5 years of the initial lease term. The 3-year extension may be granted in cases where the well is drilled to a target below 25,000 feet TVD SS and also in cases where the well does not reach a depth below 25,000 feet TVD SS due to mechanical or safety reasons.

In order for the 5-year initial lease term to be extended to 8 years, the lessee is required to submit to the Regional Supervisor for Production and Development, within 30 days after completion of the drilling operation, a letter providing the well number, spud date, information demonstrating the target below 25,000 feet TVD SS, and if applicable, any safety or mechanical problems encountered that prevented the well from reaching a depth below 25,000 feet TVD SS. The Regional Supervisor must concur in writing that the conditions have been met to extend the lease term 3 years. The Regional Supervisor will provide written confirmation of any lease extension within 30 days of receipt of the letter provided.

For any lease that has a well spudded in the first 5 years of the initial lease term with a hydrocarbon target below 25,000 feet TVD SS, the regulations found at 30 CFR 250.175(a), (b), and (c) will not be applicable at the end of the 5th year.

For any lease that does not have a well spudded in the first 5 years of the initial lease term that targets hydrocarbons below 25,000 feet TVD SS, the regulations found at 30 CFR 250.175(a), (b), and (c) will be applicable, but the 3-year extension will not be available.

At the end of the 8th year, the lessee is free to use all lease-term extension provisions under the regulations.

2. The 5-year initial lease term for a lease in water depths of 400 meters to less than 800 meters and issued from this sale may be extended to 8 years, if a well is spudded within the initial 5-year lease term; otherwise the lease expires on its own terms.

In order for the 5-year initial lease term to be extended to 8 years, the lessee is required to submit to the appropriate District Manager within 30 days after spudding an exploratory well a letter providing the well number, spud date and requesting confirmation of a 3-year extension of the initial lease term. The District Manager will review the request and make a determination. A written response will be sent to the lessee documenting the District Manager's decision within 30 days of receipt of the request. For an extension to be granted, the District Manager must concur in writing that the conditions have been met to extend the lease term 3 years.

At the end of the 5th year on a lease without a well or the 8th year on a lease with a timely well, the lessee may use all lease-term extension provisions under the regulations.

3. The 7-year initial lease term for a lease in water depths of 800 meters to less than 1600 meters and issued from this sale may be extended to 10 years if a well is spudded within the initial 7-year lease term; otherwise the lease expires on its own terms.

In order for the 7-year initial lease term to be extended to 10 years, the lessee is required to submit to the appropriate District Manager, within 30 days after spudding an exploratory well a letter providing the well number, spud date and requesting confirmation of a 3-year extension of the initial lease term. The District Manager will review the request and make a determination. A written response will be sent to the lessee documenting the District Manager’s decision within 30 days of receipt of the request. For an extension to be granted, the District Manager must concur in writing that the conditions have been met to extend the lease term 3 years.

At the end of the 7th year on a lease without a well or the 10th year on a lease with a timely well, the lessee may use all lease-term extension provisions under the regulations.

Minimum Bonus Bid Amounts: A bonus bid will not be considered for acceptance unless it provides for a cash bonus in the amount of \$25 or more per acre or fraction thereof for blocks in water depths of less than 400 meters, or \$37.50 or more per acre or fraction thereof for blocks in water depths of 400 meters or deeper; to confirm the exact calculation of the minimum bonus bid amount for each block, see “List of Blocks Available for Leasing”, which will be contained in the Final NOS 213 Package. Please note that bonus bids must be in whole dollar amounts (i.e., any cents will be disregarded by the MMS).

Rental Rates: Annual rentals for leases issued in this sale are to be paid at the rental rates summarized in the following table on or before the 1st day of each lease year until determination of well producibility is made, then at the expiration of each lease year until the start of royalty-bearing production.

Escalating Rental Rates for leases with an approved extension of the 5-year initial period: Any lease in water depths less than 400 meters and granted a 3-year extension beyond the 5-year initial period as provided below will pay an escalating rental rate. The escalating rental rates after the 5th year for blocks in less than 400 meters will become fixed and no longer escalate if another well is spudded during the 3-year extended term of the lease that targets hydrocarbons below 25,000 feet TVD SS, and MMS concurs that this has occurred. In this case the rental rate will become fixed at the rental rate in effect during the lease year in which the additional well was spudded.

Sale 213 Rental Rates per Acre or Fraction Thereof			
Water Depth in meters	Years 1-5	Years 6, 7, & 8	Years 9+
0 to <200	\$7.00	\$14.00, \$21.00 & \$28.00	\$28.00
200 to <400	\$11.00	\$22.00, \$33.00 & \$44.00	\$44.00
400 to <800	\$11.00	\$16.00	\$16.00
800+	\$11.00	\$16.00	\$16.00

Royalty Rate: 18-3/4 percent royalty rate for blocks in all water depths, except during periods of royalty suspension, to be paid monthly on the last day of the month following the month during which the production is obtained.

Minimum Royalty: \$7.00 per acre or fraction thereof per year for blocks in water depths of less than 200 meters and \$11.00 per acre or fraction thereof per year for blocks in water depths of 200 meters or deeper regardless of the year of the lease and notwithstanding any royalty relief volume. Minimum royalty is to be paid at the expiration of each lease year beginning in the year in which royalty bearing production commences, and continuing thereafter regardless of either the lease year or whether any royalty suspension may apply. A credit will be applied for any actual royalty paid on the lease during the lease year in which minimum royalty is owed on the lease. If the actual royalty paid on the lease for a given lease year exceeds the minimum royalty otherwise owed, then no minimum royalty payment is due.

Royalty Suspension Provisions: Leases with royalty suspension volumes (RSV), are authorized under existing MMS rules at 30 CFR Parts 203 and 260. There are no circumstances under which a single lease could receive a royalty suspension both for deep gas production and for deepwater production.

Deep and Ultra-Deep Gas Royalty Suspensions

A lease issued as a result of this sale may be eligible for royalty relief for deep and ultra-deep wells pursuant to 30 CFR 203.0 and 30 CFR 203.30-203.49. The regulations provide deep gas incentives in two ways. First, they provide an RSV of 35 billion cubic feet of natural gas for certain wells completed in a drilling depth category (20,000 feet TVD SS or deeper) for leases in 0 to less than 400 meters of water. Second, they offer RSVs to leases in 200 to less than 400 meters of water that are the same as the RSVs that were previously offered in shallower water i.e., in zero to 200 meters of water. These RSV incentives are conditional on applicable price thresholds and require that wells completed from 15,000 to 20,000 feet TVD SS on leases in 200 to less than 400 meters of water must begin production before May 3, 2013.

Deepwater Royalty Suspensions

The following Royalty Suspension Provisions apply to deepwater oil and gas production:

A lease issued as a result of this sale may be eligible for deepwater royalty relief mandated by section 345 of EAct05. Section 345 directs continuation of MMS deepwater incentive program utilized since 2001 in the GOM for leases issued between August 8, 2005, and August 8, 2010, and provides for an increase in RSV from 12 million barrels of oil equivalent (MMBOE) to 16 MMBOE for leases in water depths greater than 2,000 meters. The RSVs provided for deepwater leases are subject to applicable price thresholds, as discussed below. The following royalty suspension provisions for deepwater oil and gas production apply to a lease issued as a result of this sale. These provisions are similar to, and mean the same as, the language used in recent sales except for some clarifying text and updated examples. In addition to these provisions, and the EAct05, refer to 30 CFR 218.151 and applicable provisions of sections 260.120-260.124 for regulations on how royalty suspensions relate to field assignment, product types, rental obligations, and supplemental royalty relief.

1. A lease in water depths of 400 meters or more will receive a royalty suspension as follows, according to the water depth range in which the lease is located:

400 meters to less than 800 meters:	5 MMBOE
800 meters to less than 1,600 meters:	9 MMBOE
1,600 meters to 2,000 meters:	12 MMBOE
Greater than 2,000 meters:	16 MMBOE

2. In any calendar year during which the arithmetic average of the daily closing prices for the nearby delivery month on the New York Mercantile Exchange (NYMEX) for the applicable product exceeds the adjusted product price threshold, the lessee must pay royalty on production that would otherwise receive royalty relief under 30 CFR Part 260 or supplemental relief under 30 CFR Part 203, and such production will count towards the royalty suspension volume.

- (a) The base level price threshold for light sweet crude oil is \$37.18 per barrel expressed in 2008 dollars. The adjusted oil price threshold in any subsequent calendar year is computed by changing the price threshold applicable in the immediately preceding calendar year by the percentage by which the implicit price deflator for the gross domestic product has changed during the calendar year. The implicit price deflator adjustment to determine the 2009 price thresholds will occur in late March 2010 when the Bureau of Economic Analysis issues its 2009 inflation estimate.
- (b) The base level price threshold for natural gas is \$4.65 per million British thermal units (MMBTU) expressed in 2008 dollars. The adjusted gas price threshold in any subsequent calendar year is computed by changing the price threshold applicable in the immediately preceding calendar year by the percentage by which the implicit price deflator for the gross domestic product has changed during the calendar year.
- (c) As an example, if the implicit price deflator indicates that inflation is 3 percent in 2009, then the price threshold in calendar year 2009 would become \$38.30 per barrel for oil and \$4.79 for gas. Therefore, royalty on oil production in calendar year 2009 would be due if the average of the daily closing prices for the nearby delivery month on the NYMEX in 2009 exceeds \$38.30 per barrel, and royalty on gas production in calendar year 2009 would be due if the average of the daily closing prices for the nearby delivery month on the NYMEX in 2009 exceeds \$4.79 per MMBTU.
- (d) The MMS provides notice in March of each year when adjusted price thresholds for the preceding year were exceeded. Once this determination is made, based on the then-most-recent implicit price deflator information, it will not be revised regardless of any subsequent adjustments in the implicit price deflator published by the U.S. Government for the preceding year. Information on price thresholds and the methodology for applying the preceding year's implicit price deflator is available at the MMS website at: <http://www.mms.gov/econ/> and in the 2008 Notice of the Annual Price Threshold Determination (74 FR 26879).

- (e) In cases where the actual average price for the product exceeds the adjusted price threshold in any calendar year, royalties must be paid no later than 90 days after the end of the year (see 30 CFR 260.122 (b)(2) for more detail) and royalties must be paid provisionally in the following calendar year (see 30 CFR 260.122 (c) for more detail).
- (f) Full royalties are owed on all production from a lease after the RSV is exhausted, beginning on the first day of the month following the month in which the RSV is exhausted.

LEASE STIPULATIONS: The map “Proposed, Central Planning Area, Lease Sale 213, March 2010, Stipulations and Deferred Blocks” depicts the blocks on which one or more of 13 lease stipulations apply: (1) Topographic Features; (2) Live Bottoms; (3) Military Areas; (4) Evacuation; (5) Coordination; (6) Blocks South of Baldwin County, Alabama; (7) Law of the Sea Convention Royalty Payment; (8) Protected Species; (9) Limitation on Use of Seabed and Water Column in the Vicinity of the Approved Port Pelican Offshore Liquefied Natural Gas (LNG) Deepwater Port Receiving Terminal, Vermilion Area, Blocks 139 and 140; (10) Below Seabed Operations on Mississippi Canyon, Block 920; (11) Below Seabed Operations on a Portion of Mississippi Canyon, Block 650; (12) Below Seabed Operations on a Portion of Walker Ridge, Blocks 293 and 294; and (13) Below Seabed Operations on a Portion of Mississippi Canyon Blocks 692 and 735.

The texts of the stipulations are contained in the document “Lease Stipulations, Central Planning Area, Oil and Gas Lease Sale 213, Proposed Notice of Sale” included in the Proposed NOS 213 Package. In addition, the “List of Blocks Available for Leasing” will be contained in the Final NOS 213 Package identifying the lease stipulations applicable to each block listed.

INFORMATION TO LESSEES: The Proposed NOS 213 Package contains an “Information To Lessees” document that provides detailed information on certain specific issues pertaining to this proposed oil and gas lease sale.

BONUS BID DEPOSIT: Each bidder submitting an apparent high bid must submit a bonus bid deposit to the MMS equal to one-fifth of the bonus bid amount for each such bid. All payments must be electronically deposited into an interest-bearing account in the U.S. Treasury (account information provided in the Electronic Funds Transfer (EFT) instructions) by 11 a.m. Eastern Time the day following bid reading. Under the authority granted by 30 CFR 256.46(b), the MMS requires bidders to use electronic funds transfer procedures for payment of one-fifth bonus bid deposits for Lease Sale 213, following the detailed instructions contained in the document “Instructions for Making EFT Bonus Payments,” which can be found on the MMS GOM website at: <http://www.gomr.mms.gov/homepg/lesale/213/cgom213.html>. Acceptance of a deposit does not constitute and shall not be construed as acceptance of any bid on behalf of the United States. If a lease is awarded, MMS requires that only one transaction be used for payment of the four-fifths bonus bid amount and the first year's rental.

Please note: Certain bid submitters (i.e., those that are NOT currently an OCS mineral lease record titleholder or designated operator OR those that have ever defaulted on a one-fifth bonus bid payment (EFT or otherwise)) **are required to guarantee (secure) their one-fifth bonus bid**

payment prior to the submission of bids. For those who must secure the EFT one-fifth bonus bid payment, one of the following options may be used: (1) provide a third-party guarantee; (2) amend bond coverage; (3) provide a letter of credit; or (4) provide a lump sum payment in advance via EFT. The EFT instructions specify the requirements for each option.

GEOPHYSICAL DATA AND INFORMATION STATEMENT: Pursuant to 30 CFR 251.12, MMS has a right to access geophysical data and information collected under a permit in the OCS.

Every bidder submitting a bid on a block in Sale 213, or participating as a joint bidder in such a bid, must submit a Geophysical Data and Information Statement (GDIS) identifying any enhanced or reprocessed geophysical data and information generated or used as part of the decision to bid or participate in a bid on the block (including the use of Controlled Source Electromagnetics, Gravity, etc.). The data identified in the GDIS should clearly identify whether the data or information are multi-client (speculative) data sets available directly from geophysical contractors or exclusive (proprietary) data sets specially processed for or by bidders. In addition, the GDIS should clearly identify the data type (2-D or 3-D, pre-stack or post-stack and time or depth); areal extent (i.e., number of line miles for 2D or number of blocks for 3D) and migration algorithm (Wave Equation Migration, Reverse Time Migration, etc.) of the data and information. The statement must also include the name, phone number and full address of a contact person, and an alternate, who are both *knowledgeable* about the information and data listed and *available* for 30 days post-sale, the processing company, date processing was completed, owner of the original data set (who initially acquired the data), original data survey name and permit number. The MMS reserves the right to query about alternate data sets and to quality check and compare the listed and alternative data sets to determine which data set most closely meets the needs of the fair market value determination process.

The statement must also identify each block upon which the bidder submitted a bid or participated as a partner in a bid, but for which it did *not* use enhanced or reprocessed pre- or post-stack geophysical data and information as part of the decision to bid or to participate in the bid. The GDIS must be submitted, even if no enhanced geophysical data and information were used in bid preparation for the tract.

In the event your company supplies any type of data to MMS, your company must meet the following requirements to get reimbursed:

1. Your company must be registered with the Central Contractor Registration (CCR). The initial registration is valid for one year and must be updated annually thereafter. The website for registering is: <http://www.ccr.gov>. This is a requirement that was implemented on October 1, 2003, and requires all entities doing business with the Government to complete a business profile in the CCR. It must be *updated annually*. Payments are made electronically based on the information contained in the CCR. Therefore, if your company is not *actively* registered in the CCR, MMS *will not* be able to reimburse or pay your company for any data supplied.

2. Your company must complete an on-line application for your Representations (Reps) and Certifications (Certs) at <http://orca.bpn.gov>. ORCA (On-line Representations and Certifications Application) is an E-Government initiative. Even though your company may have never provided Reps and Certs previously, they are now mandated in order to do business with the Government or receive reimbursement.

Please also refer to the Final NOS 213 Package for more detail concerning submission of the GDIS, making the data available to MMS following the lease sale, preferred format, reimbursement for costs, and confidentiality.

FORCE MAJEURE: 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 NOS 213 Package in case of a force majeure event 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 (e.g., earthquakes, hurricanes, and 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 or access our website at: <http://www.gomr.mms.gov> for information about any changes.

UPCOMING MILESTONES: After the Governors of the affected states (Alabama, Florida, Louisiana, Mississippi, and Texas), have had an opportunity to comment on the size, timing, or location of the proposed lease sale, as required by section 19 of the Act, the Assistant Secretary - Land and Minerals Management will make a decision on the Final NOS 213. The Department of the Interior reserves the right to revise the areas offered for bidding and associated terms and conditions described in this proposed notice. If the Assistant Secretary decides to proceed with the lease sale, a Final NOS for CPA Oil and Gas Lease Sale 213 will be published in the *Federal Register* at least 30 days prior to the date of the public bid reading. A Final NOS 213 Package containing all lease sale terms and conditions and detailed instructions to bidders will also be available at that time from the MMS GOM Public Information Unit and on the GOM website at: <http://www.gomr.mms.gov/homepg/lseale/213/cgom213.html>.

Appendix

Repeal Language for Royalty Suspension Provisions for CPA Sale 213

Please Note:

Potential bidders are advised about possible changes in royalty relief for this sale. The House of Representatives and the President have indicated a desire to repeal sections 344 and 345 of the Energy Policy Act of 2005 (EPAAct05). The Congress could adopt and the President sign a bill with repeal of either or both of these sections before MMS issues the Final NOS 213.

Should section 344 and the MMS implementing regulations be repealed on or before January 25, 2010, a date giving enough lead time for bidders and MMS to prepare for the Final NOS 213, MMS intends to offer leases for sale with no deep gas royalty suspension volumes in their lease terms. Repeal would mean that leases located in 200 to 400 meters of water with deep gas wells would not earn royalty suspension volumes of 15 to 25 BCF depending on drilling depth, and leases located in 0 to 400 meters of water with ultra-deep wells would not earn royalty suspension volumes of at least 35 BCF, notwithstanding regulations existing at the time of sale. The MMS will quickly amend the regulations implementing Section 344 to reflect repeal.

Absent repeal of section 344 of the EPAAct05, royalty relief will be as stipulated on page 5, Deep and Ultra-Deep Gas Royalty Suspension.

Should section 345 be repealed on or before January 25, 2010, the MMS intends to offer leases for sale with no deepwater royalty relief in their lease terms.

Absent repeal of section 345 of EPAAct05, royalty relief will be as stipulated on page 6, Deepwater Royalty Suspensions.