

Dated: August 11, 2003.

Aurene M. Martin,

Assistant Secretary—Indian Affairs.

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DEPARTMENT OF THE INTERIOR

Minerals Management Service

Outer Continental Shelf (OCS) Beaufort Sea Alaska, Oil and Gas Lease Sale 186

AGENCY: Minerals Management Service, Interior.

ACTION: Final Notice of Sale (NOS) 186, Beaufort Sea.

SUMMARY: The MMS will open and publicly announce bids received for blocks offered in Oil and Gas Lease Sale 186 on September 24, 2003, in accordance with provisions of the OCS Lands Act (43 U.S.C. 1331-1356, as amended) and the implementing regulations (30 CFR part 256).

DATES: Public bid reading will begin at 9 a.m. on Wednesday, September 24, 2003, at the Wilda Marston Theatre, Z. J. Loussac Public Library, 3600 Denali Street, Anchorage, Alaska. All times referred to in this document are local Anchorage, Alaska times, unless otherwise specified.

ADDRESSES: A FNOS 186 package containing this Notice of Sale and several supporting and essential documents referenced herein are available from: Alaska OCS Region, Information Resource Center, Minerals Management Service, 949 East 36th Avenue, Room 330, Anchorage, Alaska 99508-4302, Telephone: (907) 271-6438 or 1-800-764-2627.

These documents are also available on the MMS Alaska OCS Region Internet site at <http://www.mms.gov/alaska>.

Filing of Bids: Bidders must submit bids to the Alaska OCS Region, 949 East 36th Avenue, Third Floor, Anchorage, Alaska 99508, between the hours of 8 a.m. and 4 p.m. on normal business days, prior to the Bid Submission deadline of 10 a.m., Tuesday, September 23, 2003. If bids are mailed, the envelope containing all of the sealed bids must be marked as follows:

Attention: Mr. Tom Warren, Contains Sealed Bids for Sale 186.

If bids are received later than the time and date specified above, they will be returned unopened to the bidders.

Bidders may not modify or withdraw their bids unless the Regional Director, Alaska OCS Region receives a written modification or written withdrawal request prior to 10 a.m., Tuesday, September 23, 2003. Should an unexpected event such as an earthquake or travel restrictions be significantly disruptive to bid submission, the Alaska OCS Region may extend the Bid Submission Deadline. Bidders may call (907) 271-6010 for information about the possible extension of the Bid Submission Deadline due to such an event.

Note: Four blocks in the easternmost Beaufort Sea area are subject to jurisdictional claims by both the United States and Canada. This Notice refers to this area as the Disputed Portion of the Beaufort Sea. The section on Method of Bidding identifies the four blocks and describes the procedures for submitting bids for them.

Area Offered for Leasing: MMS is offering for leasing all whole and partial blocks listed in the document "Blocks Available for Leasing in OCS Oil and Gas Lease Sale 186" included in the FNOS 186 package. All of these blocks are shown on the following Official Protraction Diagrams (which may be purchased from the Alaska OCS Region):

- NR 05-01, Dease Inlet, revised September 30, 1997
- NR 05-02, Harrison Bay North, revised September 30, 1997
- NR05-03, Teshekpuk, revised September 30, 1997
- NR 05-04, Harrison Bay, revised September 30, 1997
- NR 06-01, Beechey Point North, approved February 1, 1996
- NR 06-03, Beechey Point, revised September 30, 1997
- NR 06-04, Flaxman Island, revised September 30, 1997
- NR 07-03, Barter Island, revised September 30, 1997
- NR 07-05, Demarcation Point, revised September 30, 1997
- NR 07-06, Mackenzie Canyon, revised September 30, 1997

Official block descriptions are derived from these diagrams; however, not all blocks included on a diagram are being offered. To ascertain which blocks are being offered and the royalty suspension provisions that apply you must refer to the document "Blocks Available for Leasing in OCS Oil and Gas Lease Sale 186." The Beaufort Sea OCS Oil and Gas Lease Sale 186 Locator Map is also

available to assist in locating the blocks relative to the adjacent areas. The Locator Map is for use in identifying locations of blocks but is not part of the official description of blocks available for lease. Some of the blocks may be partially encumbered by an existing lease, or transected by administrative lines such as the Federal/State jurisdictional line. Partial block descriptions are derived from Supplemental Official OCS Block Diagrams and OCS Composite Block Diagrams, which are available upon request at the address, phone number, or internet site given above.

Lease Terms and Conditions: On February 20, 2003, MMS published a Notice of Availability (68 FR 8306) of the proposed Notice of Sale for Sale 186, which included proposed lease terms and conditions providing for a minimum bid amount of \$62 per hectare and a rental rate of \$13 per hectare, consistent with past OCS sales in the Alaska OCS Region. After further consideration, MMS has determined that the minimum bid levels for Sale 186 should be reduced and rentals set on a sliding scale. MMS announced the intent to make these changes in a **Federal Register** notice published July 17, 2003, (68 FR 42420) to give potential bidders and other interested parties ample time to consider these changes in preparing for the lease sale. These changes, now adopted do not affect minimum royalty requirements, or royalty suspension volumes.

Initial Period: Ten years.

Minimum Bonus Bid Amount: Offer all blocks in Zone A with a minimum bid of \$37.50 per hectare and all blocks in Zone B with a minimum bid of \$25 per hectare. Refer to the Beaufort Sea OCS Oil and Gas Lease Sale 186 Locator Map mentioned above.

Rental Rates: The Lessee shall pay the Lessor, on or before the first day of each lease year which commences prior to a discovery in paying quantities of oil or gas on the leased area, a rental as shown in the table below.

Minimum Royalty Rates: The Lessee shall pay the Lessor, at the expiration of each lease year which commences after a discovery of oil and gas in paying quantities, a minimum royalty of \$13 per hectare, or fraction thereof, until the start of royalty-bearing production.

Royalty Rates: A 12½ percent royalty rate will apply for all blocks.