

the Act and in existence upon the Effective Date of the lease; all regulations issued pursuant to the statute in the future which provide for the prevention of waste and conservation of the natural resources of the OCS and the protection of correlative rights therein; and all other applicable statutes and regulations.

**Lease Terms and Conditions:** Initial period, minimum bonus bid amount, rental rates, royalty rates, minimum royalty, and royalty suspension areas are shown on the map "Lease Terms, Economic Conditions, and Stipulations, Sale 189, Final" for leases resulting from this sale:

**Initial Period:** 10 years;

**Minimum Bonus Bid Amount:** \$37.50 per acre or fraction thereof;

**Rental Rates:** \$7.50 per acre or fraction thereof, to be paid on or before the first day of each lease year until a discovery in paying quantities of oil or gas, then at the expiration of each lease year until the start of royalty-bearing production;

**Royalty Rates:** 12½ percent royalty rate, except during periods of royalty suspension, to be paid monthly on the last day of the month next following the month during which the production is obtained;

**Minimum Royalty:** After the start of royalty-bearing production: \$7.50 per acre or fraction thereof per year, to be paid at the expiration of each lease year with credit applied for actual royalty paid during the lease year. If actual royalty paid exceeds the minimum royalty requirement, then no minimum royalty payment is due;

**Royalty Suspension Area:** Royalty suspension of 12 million barrels of oil equivalent, subject to both oil and gas price thresholds, will apply to all leases in this sale. Please see the map "Lease Terms, Economic Conditions, and Stipulations, Sale 189, Final" for specific details regarding royalty suspension eligibility, applicable price thresholds, and implementation.

**Stipulations:** Four lease stipulations, (1) Military Areas; (2) Evacuation; (3) Coordination; and (4) Protected Species, apply to all blocks in this sale. See the map, "Lease Terms, Economic Conditions, and Stipulations, Sale 189, Final" in the FNOS 189 Package. The texts of the proposed stipulations are contained in the document "Lease Stipulations for Oil and Gas Lease Sale 189, Final" included in the FNOS 189 Package.

**Information to Lessees:** The FNOS 189 Package contains an "Information To Lessees" document which provides detailed information on certain specific

issues pertaining to this oil and gas lease sale.

**Method of Bidding:** For each block bid upon, a bidder must submit a separate signed bid in a sealed envelope labeled "Sealed Bid for Oil and Gas Lease Sale 189, not to be opened until 9 a.m., Wednesday, December 10, 2003." The total amount of the bid must be in a whole dollar amount; any cent amount above the whole dollar will be ignored by the MMS. Details of the information required on the bid(s) and the bid envelope(s) are specified in the document "Bid Form and Envelope" contained in the FNOS 189 Package.

The MMS published a list of restricted joint bidders, which applies to this sale, in the **Federal Register** on October 10, 2003. Bidders must execute all documents in conformance with signatory authorizations on file in the MMS Gulf of Mexico Region Adjudication Unit. Partnerships also must submit or have on file a list of signatories authorized to bind the partnership. Bidders submitting joint bids must include on the bid form the proportionate interest of each participating bidder, stated as a percentage, using a maximum of five decimal places, e.g., 33.33333 percent. The MMS may require bidders to submit other documents in accordance with 30 CFR 256.46. The MMS warns bidders against violation of 18 U.S.C. 1860 prohibiting unlawful combination or intimidation of bidders. Bidders are advised that the MMS considers the signed bid to be a legally binding obligation on the part of the bidder(s) to comply with all applicable regulations, including payment of the one-fifth bonus bid amount on all high bids. A statement to this effect must be included on each bid (see the document "Bid Form and Envelope" contained in the FNOS 189 Package).

**Rounding:** The following procedure must be used to calculate the minimum bonus bid, annual rental, and minimum royalty: Round up to the next whole dollar amount if the calculation results in a decimal figure (see next paragraph).

**Please Note:** The minimum bonus bid calculation, including all rounding, is shown in the document "List of Blocks Available for Leasing in Sale 189" included in the FNOS 189 Package.

**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. 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 Sale 189, following the detailed instructions contained in the document "Instructions for Making EFT Bonus Payments" included in the FNOS 189 Package. All payments must be electronically deposited into an interest-bearing account in the U.S. Treasury (account specified in the EFT instructions) by 1:00 p.m. Eastern Time the day following bid reading. Such 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, however, MMS requests 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 title holder 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 Development 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.

**Withdrawal of Blocks:** The United States reserves the right to withdraw any block from this sale prior to issuance of a written acceptance of a bid for the block.

**Acceptance, Rejection, or Return of Bids:** The United States reserves the right to reject any and all bids. In any case, no bid will be accepted, and no lease for any block will be awarded to any bidder, unless the bidder has complied with all requirements of this Notice, including the documents contained in the associated FNOS 189 Package and applicable regulations; the bid is the highest valid bid; and the amount of the bid has been determined to be adequate by the authorized officer. The Attorney General may also review the results of the lease sale prior to the acceptance of bids and issuance of leases. Any bid submitted which does not conform to the requirements of this Notice, the OCS Lands Act, as amended, and other applicable regulations may be returned to the person submitting that bid by the RD and not considered for acceptance. To ensure that the Government receives a fair return for the conveyance of lease rights for this sale, high bids will be evaluated in accordance with MMS bid adequacy procedures. A copy of the current procedures, "Modifications to the Bid Adequacy Procedures" (64 FR 37560 of July 12, 1999), can be obtained from the