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Submitting Comments/Issues for Comment

We consider comments substantive if they:

- Question, with reasonable basis, the accuracy of the information in the document;
- Question, with reasonable basis, the adequacy of the document;
- Present reasonable alternatives other than those presented in the document; and/or
- Provide new or additional information relevant to the document.

Next Steps

After this comment period ends, we will analyze the comments and address them in the form of a final CCP and finding of no significant impact.

Public Availability of Comments

Before including your address, phone number, e-mail address, or other personal identifying information in your comment, you should be aware that your entire comment—including your personal identifying information—may be made publicly available at any time. While you can ask us in your comment to withhold your personal identifying information from public review, we cannot guarantee that we will be able to do so.

Dated: January 7, 2010.

Brian Millsap,

Acting Regional Director, Region 2.

[FR Doc. 2010–2911 Filed 2–11–10; 8:45 am]

BILLING CODE 4310–55–P

DEPARTMENT OF THE INTERIOR

Minerals Management Service

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

AGENCY: Minerals Management Service, Interior.

ACTION: Final Notice of Sale (NOS) 213.

SUMMARY: On Wednesday, March 17, 2010, the Minerals Management Service (MMS) will open and publicly announce bids received for blocks offered in CPA Oil and Gas Lease Sale 213, pursuant to the OCS Lands Act (43 U.S.C. 1331–1356, as amended) and the regulations issued thereunder (30 CFR part 256). The Final NOS 213 Package contains information essential to bidders, and bidders are responsible for knowing the information within the documents contained in the Package.

DATES: Public bid reading for the CPA Oil and Gas Lease Sale 213 will begin at 9 a.m., Wednesday, March 17, 2010, at the Louisiana Superdome, 1500 Sugarbowl Drive, New Orleans, Louisiana, 70112. The lease sale will be held in the St. Charles Club Room on the second floor (Loge Level). Entry to the Superdome will be on the Poydras Street side of the building through Gate A on the Ground or Plaza Level, and parking should be available at Garage 6. All times referred to in this document are local New Orleans times, unless otherwise specified.

Please Note: Starting with this sale, MMS is revising the lease terms for blocks in water depths of 400 meters to less than 1,600 meters. Blocks in 400 to less than 800 meters change from an initial 8-year lease term (where a well has to be spudded within the first 5 years of the initial 8-year term to avoid lease cancellation) to a 5-year initial lease term (where spudding a well within the initial lease term would automatically extend the lease term to 8 years). Blocks in 800 to less than 1,600 meters change from a 10-year initial lease term to a 7-year initial lease term (where spudding a well within the initial lease term would automatically extend the lease term to 10 years). The MMS received 9 comments on the lease terms changes in the Proposed Notice of Sale.

ADDRESSES: Bidders can obtain a Final NOS 213 Package containing the NOS and the supporting documents 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 Web site at: *http://www.gomr.mms.gov.*

Filing of Bids: Bidders must submit sealed bids to the Regional Director (RD), MMS Gulf of Mexico Region, 1201 Elmwood Park Boulevard, New Orleans, Louisiana, 70123–2394, between 8 a.m. and 4 p.m. on normal working days, and from 8 a.m. to the Bid Submission Deadline of 10 a.m. on Tuesday, March 16, 2010, the day before the lease sale. If bids are mailed, please address the envelope containing all of the sealed bids as follows: *Attention:* Supervisor, Leasing and Financial Responsibility Unit (MS 5422), Leasing and Environment, Leasing Activities Section, MMS Gulf of Mexico Region, 1201 Elmwood Park Boulevard, New Orleans, Louisiana 70123–2394. Contains Sealed Bids for CPA Oil and Gas Lease Sale 213, Please Deliver to Ms. Nancy Kornrumpf, 6th Floor, Immediately.

Please note: Bidders mailing bid(s) are advised to call Ms. Nancy Kornrumpf at (504) 736–2726 or Ms. Cindy Thibodeaux at (504) 736–2809 immediately after putting their bid(s) in the mail. If the RD receives bids later than the time and date specified above, he will return those bids unopened to bidders. Should an unexpected event such as flooding or travel restrictions be significantly disruptive to bid submission, the MMS may extend the Bid Submission Deadline. Bidders may call (504) 736–0557 or access our MMS Gulf of Mexico Internet Web site at: *http://www.gomr.mms.gov* for information about the possible extension of the Bid Submission Deadline due to such an event.

Areas Offered for Leasing: The MMS is offering for leasing in CPA Oil and Gas Lease Sale 213 all blocks and partial blocks listed in the document "List of Blocks Available for Leasing" included in the Final NOS 213 Package. All of these blocks are shown on the following leasing maps and Official Protraction Diagrams (OPD's):

Outer Continental Shelf Leasing Maps—Louisiana Map Numbers 1 Through 12
(These 30 maps sell for $2.00 each)

LA1	West Cameron Area (Revised November 1, 2000).
LA1A	West Cameron Area, West Addition (Revised February 28, 2007).
LA1B	West Cameron Area, South Addition (Revised February 28, 2007).
LA2	East Cameron Area (Revised November 1, 2000).
LA2A	East Cameron Area, South Addition (Revised November 1, 2000).
LA3	Vermilion Area (Revised November 1, 2000).
LA3A	South Marsh Island Area (Revised November 1, 2000).
LA3B	Vermilion Area, South Addition (Revised November 1, 2000).
LA3C	South Marsh Island Area, South Addition (Revised November 1, 2000).

LA3D	South Marsh Island Area, North Addition (Revised November 1, 2000).
LA4	Eugene Island Area (Revised November 1, 2000).
LA4A	Eugene Island Area, South Addition (Revised November 1, 2000).
LA5	Ship Shoal Area (Revised November 1, 2000).
LA5A	Ship Shoal Area, South Addition (Revised November 1, 2000).
LA6	South Timbalier Area (Revised November 1, 2000).
LA6A	South Timbalier Area, South Addition (Revised November 1, 2000).
LA6B	South Pelto Area (Revised November 1, 2000).
LA6C	Bay Marchand Area (Revised November 1, 2000).
LA7	Grand Isle Area (Revised November 1, 2000).
LA7A	Grand Isle Area, South Addition (Revised February 17, 2004).
LA8	West Delta Area (Revised November 1, 2000).
LA8A	West Delta Area, South Addition (Revised November 1, 2000).
LA9	South Pass Area (Revised November 1, 2000).
LA9A	South Pass Area, South and East Additions (Revised November 1, 2000).
LA10	Main Pass Area (Revised November 1, 2000).
LA10A	Main Pass Area, South and East Additions (Revised November 1, 2000).
LA10B	Breton Sound Area (Revised November 1, 2000).
LA11	Chandeleur Area (Revised November 1, 2000).
LA11A	Chandeleur Area, East Addition (Revised November 1, 2000).
LA12	Sabine Pass Area (Revised February 28, 2007).

Outer Continental Shelf Official Protraction Diagrams
(These 19 diagrams sell for $2.00 each.)

NG15–02	Garden Banks (Revised February 28, 2007).
NG15–03	Green Canyon (Revised November 1, 2000).
NG15–05	Keathley Canyon (Revised February 28, 2007).
NG15–06	Walker Ridge (Revised November 1, 2000).
NG15–08	Sigsbee Escarpment (Revised February 28, 2007).
NG15–09	Amery Terrace (Revised October 25, 2000).
NG16–01	Atwater Valley (Revised November 1, 2000).
NG16–02	Lloyd Ridge (Revised August 1, 2008).
NG16–04	Lund (Revised November 1, 2000).
NG16–05	Henderson (Revised August 1, 2008).
NG16–07	Lund South (Revised November 1, 2000).
NG16–08	Florida Plain (Revised February 28, 2007).
NH15–12	Ewing Bank (Revised November 1, 2000).
NH16–04	Mobile (Revised November 1, 2000).
NH16–05	Pensacola (Revised February 28, 2007).
NH16–07	Viosca Knoll (Revised November 1, 2000).
NH16–08	Destin Dome (Revised February 28, 2007).
NH16–10	Mississippi Canyon (Revised November 1, 2000).
NH16–11	De Soto Canyon (Revised August 1, 2008).

Bidders are advised that the Central-Eastern Planning Area Boundary was revised to match the Federal OCS Administrative Boundary for the DeSoto Canyon, Lloyd Ridge, and Henderson Areas. The boundary splits blocks that were formerly "stair-stepped" and can be seen on the "Stipulations and Deferred Blocks" or "Lease Terms and Economic Conditions" maps included in the Final NOS 213 Package. The boundaries along the Pensacola, Destin Dome, and Florida Plain Areas will remain "stair-stepped" for this lease sale, as they were for CPA Sale 208. The administrative boundaries can also be viewed at: *http://www.mms.gov/ld/AdminBoundaries.htm.*

Please note: A CD–ROM (in ARC/INFO and Acrobat (.pdf) format) containing all of the GOM leasing maps and OPD's, except for those not yet converted to digital format, is available from the GOM Region Public Information Unit for a price of $15. These GOM leasing maps and OPD's are also available for free online in .pdf and .gra format at: *http://www.gomr.mms.gov/homepg/lsesale/map_arc.html.*

For the current status of all CPA leasing maps and OPD's, please refer to 66 FR 28002 (published May 21, 2001), 69 FR 23211 (published April 28, 2004), 72 FR 27590 (published May 16, 2007), 72 FR 35720 (published June 29, 2007), and 73 FR 63505 (October 24, 2008). In addition, Supplemental Official OCS Block Diagrams (SOBD's) are available for blocks that contain the "U.S. 200 Nautical Mile Limit" line and the "U.S.-Mexico Maritime Boundary" line. These SOBD's are also available from the GOM Region Public Information Unit. For additional information, please call Ms. Tara Montgomery at (504) 736–5722.

All blocks are shown on these leasing maps and OPD's. The available Federal acreage of all whole and partial blocks in this lease sale is shown in the document "List of Blocks Available for Leasing" included in the Final NOS 213 Package. Some of these blocks may be partially leased or deferred, or transected by administrative lines such as the Federal/state jurisdictional line. A bid on a block must include all of the available Federal acreage of that block. Also, information on the unleased portions of such blocks is found in the document "Central Planning Area Lease Sale 213—Unleased Split Blocks and Available Unleased Acreage of Blocks with Aliquots and Irregular Portions Under Lease or Deferred" included in the Final NOS 213 Package.

Areas Not Available for Leasing: The following whole and partial blocks are not offered for lease in this lease sale:

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 1.4 nautical mile buffer zone north of the "Western Gap" 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 that 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, and 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 the lease. This language 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 modified with the specific terms, conditions and stipulations applicable to each individual lease. Addressed below are the collective terms, conditions, and stipulations applicable to this sale. Where applicable, these terms, conditions and stipulations will be incorporated into each lease by addendum.

Lease Terms and Conditions: 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 "Final, Central Planning Area, Lease Sale 213, March 17, 2010, Lease Terms and Economic Conditions," for leases resulting from this lease sale.

Leases in water depths of 400 meters to less than 800 meters will be offered with a 5-year term with the opportunity to earn an extension of 3 additional years (5+3 years). The MMS is not offering leases in the sale with an 8-year term for these water depths as provided by regulations at 30 CFR 256.37(a)(3). This change relieves the 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 the opportunity to earn an extension of an additional 3 years (7+3 years) will apply to leases instead of the previous 10-year lease term in water depths of 800 to less than 1,600 meters. The deepwater challenges and drilling difficulties justifying longer lease terms under the OCSLA in 800 to less than 1,600 meters have diminished considerably, although not completely, over the last 25 years. The proposed 7+3 years 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 400–800 and 800–1,600 meter cases, the lease expires at the end of the initial period if no well has been spudded 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, spudding of 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 receipt of evidence of the spudding of an exploratory well within the initial 5-year lease term); 7 years for blocks in water depths of 800 meters to less than 1,600 meters (subject to administrative requirements noted below, the initial lease term will be extended to 10 years upon receipt of evidence of the spudding of an exploratory well within the initial 7-year lease term); and 10 years for blocks in water depths of 1,600 meters or deeper.

Water depth (meters)	Term (years)
0 to <400	5 years and +3 years for drilling >25,000 feet TVD SS (see *Extensions of Initial Periods* below).
400 to <800	5 years and +3 years for drilling (see *Extensions of Initial Periods* below).
800 to <1,600	7 years and +3 years for drilling (see *Extensions of Initial Periods* below).

Water depth (meters)	Term (years)
1,600+	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 will be granted in cases where the well is drilled to a target below 25,000 feet TVD SS and may also be 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 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, suspensions authorized by the regulations then in effect will be available, but the 3-year extension will not be available. Before the end of the 8th year, the lessee may seek a suspension under the regulations then in effect.

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 will 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 and 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. Before 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 seek a suspension under the regulations then in effect.

3. The 7-year initial lease term for a lease in water depths of 800 meters to less than 1,600 meters and issued from this sale will 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 and 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.

Before 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 seek a suspension under the regulations then in effect.

On November 16, 2009 MMS published the Proposed Notice of Sale for Central Gulf of Mexico Sale 213. Included in the proposed terms and conditions for Sale 213 were two new lease terms. A new 5+3 years term in 400 to less than 800 meters of water replaced the previous 8-year lease term that was subject to a requirement to start drilling by the 5th year and a new lease term of 7 years with an earned extension of an additional 3 years (7+3 years) was substituted for the previous 10-year lease term in 800 to less than 1,600 meters of water. After carefully considering all written comments on the proposed 5+3 years and 7+3 years lease terms, the MMS has decided to proceed with the shortened lease terms for Sale 213.

The MMS received 9 public comments on the new lease terms in response to the Proposed Notice of Sale for Central Gulf of Mexico Sale 213, published on November 16, 2009. Of the nine comments, five were from oil and gas companies, two from industry trade organizations and two from non-profit organizations. Copies of these comment letters are posted at *http://www.gomr.mms.gov/homepg/lsesale/213/cgom213.html.* All of the comments that specifically addressed the 5+3 years lease term in 400 to less than 800 meters expressed tentative or outright support. All of the comment letters, except one, expressed concern about the stricter 7+3 years lease term in 800 to less than 1,600 meters water depth and the impact on OCS development. The concerns raised in these letters are addressed below.

Comment: The most common theme among commenters was that some leases take longer than 7 years to get "drill ready" due to poor seismic imaging and the increasingly complex geological challenges in the maturing Gulf of Mexico basin. Most of the remaining undiscovered economic reservoirs are very deep, subsalt and include the challenges of high pressure and high temperature that require long periods of time to acquire and process seismic images before risking an exploratory well that has a small chance of producing a commercial discovery. Commenters suggested that the 10-year lease term should remain, or suspensions should be granted for seismic imaging and reprocessing.

MMS Response: The MMS recognizes the risks and challenges of ultra deep and subsalt plays and offers the following rationale for the adequacy of the new initial periods in this sale:

- The MMS expects a substantial amount of geological and geophysical (G&G) work to be completed prior to bidding on the lease.
- Seven-year lease terms are normally sufficient for an operator to evaluate seismic data and commence drilling in the respective water depths. This is confirmed by the statistical data on producing deepwater leases that have completed their primary terms in 800 to less than 1,600 meters. Generally, those

that were not drilled by year 7 were not drilled until after lease year 10. That means they confronted circumstances that prevented drilling for reasons beyond the lessee's control and thus were authorized extensions beyond the 10-year primary term through MMS approved suspensions or inclusion in an approved federal unit being maintained by lease-holding operations. The flexibility to grant suspensions on a case-by-case basis or evaluate potential unitization agreements is not affected by the lease term changes beginning with this sale.

- If an operator does not explore a lease during the revised initial term and the lease expires, another operator with a different perspective on the G&G and drilling may timely acquire and expeditiously drill the acreage.
- Allowing lengthy periods for interpreting seismic data, planning and drilling an exploratory well is not consistent with promoting diligent development as mandated by the OCS Lands Act. We anticipate continued improvements in seismic imaging and processing techniques leading to shorter timelines. The MMS has found that few exploratory wells resulted from changes to the suspension regulations issued in 2002 and 2005 under 30 CFR 250.175(b) and (c) as related to subsalt and ultra-deep targets. Although these regulations apply to leases in less than 800 meters of water depth, it is reasonable to expect a similar result in water depths of 800 meters or deeper. Accordingly, MMS maintains that the 5- and 7-year initial terms are adequate time periods to interpret seismic data, plan and begin an exploratory well.

Comment: Several commenters suggested that the initial lease term should consider MMS' ability to grant suspensions beyond the initial term for actions or events outside of a lessee's control even if they have not drilled an exploratory well.

MMS Response: For the 5+3 years and 7+3 lease years terms, the initial periods are 5 and 7 years and the extended initial periods are 8 and 10 years, respectively. MMS has the authority to grant suspensions as specified by regulation (30 CFR 250.168–177) under certain conditions. Normally, suspensions of operations (SOO's) are granted in situations where an operator was scheduled to commence a lease-holding operation within the term of a lease but was prevented from doing so for reasons beyond their control. Reasons beyond the control of the lessee may include unforeseen circumstances such as adverse weather, unavoidable accidents, or short delays in a prearranged rig release date. The MMS will continue to consider SOO's consistent with the regulations for these unique cases.

Comment: Several commenters suggested that MMS has already taken measures that encourage lessees to explore their leases. For example, the two-step rental rates in leases greater than 400 meters provide companies with an incentive to efficiently explore, develop, and produce their leases. Fair market value, diligence and expeditious development are already achieved through the existing lease terms and regulations.

One comment letter from Environment America espoused the opposing view. It supported further increasing the rental rates specifically in years 9 and 10 of the lease, asserting that increasing rental rates over the years of the lease encourages diligence by lease holders.

MMS Response: While the two-step rental in leases 400 meters and greater provides a fiscal incentive to lessees to expeditiously develop a lease, DOI cannot rely only on a fiscal lease provision to achieve programmatic goals across all leases. The initial lease term provides an administrative mechanism to ensure that, absent unusual circumstances, active leases will commence exploration by a specific time following acquisition. Moreover, statistics on producing deepwater leases that have completed their primary term in the last 5 years show that most of the leases in 800 to less than 1,600 meters have been able to spud a well by year 7. Generally, leases not drilled by year 7 were first drilled after lease year 10, meaning they received MMS approved suspensions or unitization with other leases where timely drilling did occur.

In addition, starting with this sale, MMS will require that the lessee commence an exploration well to hold a lease located in 800 to 1,600 meters of water depth beyond year 7 of the initial lease term. If that well encounters potentially commercial quantities of oil and gas, typically that alone will be sufficient cause to undertake timely development. If that well is dry, then the lessee can benefit from accelerated tax write-offs by timely relinquishing the lease. Accordingly, it may not be necessary or even desirable to further raise rentals in years 9 and 10 of the extended lease term to encourage diligent exploration and development.

Comment: Chevron suggested that in the event MMS decides to move forward with issuing leases for 7-year terms with 3-year extensions, the Final Notice of Sale for OCS Lease Sale 213 should be modified to clarify that 7-year leases will be "extended to 10 years if a well is spudded on the lease or in an approved unit which includes the lease within the initial 7-year lease term." Chevron added that they believe it is important to include the underlined language in the preceding sentence to ensure that there is no misunderstanding as to when the 3-year extension will or will not be granted.

MMS Response: The comment by Chevron suggests a change is needed in unitization policy in conjunction with MMS shortening certain lease terms. The MMS disagrees with Chevron's implication that we should change or need to formally clarify in the lease instrument a unitization policy that already is addressed in Article 17.2(a) of the model Unit Agreement that we are not modifying at this time. The MMS intends to continue following these existing unitization provisions under the new lease term policy that is commencing with this sale.

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," 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.

SALE 213 RENTAL RATES PER ACRE OR FRACTION THEREOF

Water depth in meters	Years 1–5	Years 6, 7, & 8+
0 to <200	$7.00	$14.00, $21.00 & $28.00.

SALE 213 RENTAL RATES PER ACRE OR FRACTION THEREOF—Continued

Water depth in meters	Years 1–5	Years 6, 7, & 8+
200 to <400	11.00	$22.00, $33.00 & $44.00.
400 to <800	11.00	$16.00.
800+	11.00	$16.00.

Escalating Rental Rates for leases with an approved extension: Any lease in water depths less than 400 meters and granted a 3-year extension beyond the 5-year initial period as provided above 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.

Royalty Rate: Leases will incorporate an 18.75 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: Leases will incorporate a $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, the regulations 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 the Energy Policy Act of 2005 (EPAct05). Section 345 directs continuation of the 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 EPAct05, 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 Web site 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 "Final, Central Planning Area, Lease Sale 213, March 17, 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, Final Notice of Sale" included in this Final NOS 213 Package. In addition, the "List of Blocks Available for Leasing" contained in the Final NOS 213 Package identifies the lease stipulations applicable to each listed block.

Information to Lessees: The Final 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.

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 213, not to be opened until 9 a.m., Wednesday, March 17, 2010." The submitting company's name, its GOM company number, the map name, map number, and block number should be clearly identified on the outside of the envelope.

The sealed bid should list the total amount of the bid that must be in a whole dollar amount (any cent amount above the whole dollar will be ignored by the MMS) as well as the sale number, the sale date, the submitting company's name, its GOM company number, the map name, map number, and the block number clearly identified. The information required on the bid(s) and the bid envelope(s) are specified in the document "Bid Form and Envelope" contained in the Final NOS 213 Package.

Please also refer to the Telephone Numbers/Addresses of Bidders Form included within the Final NOS 213 Package. We are requesting that you provide this information in the format suggested for each lease sale. Please provide this information prior to or at the time of bid submission. Do not enclose this form inside the sealed bid envelope.

The MMS published in the **Federal Register** a list of restricted joint bidders, which applies to this lease sale, at 74 FR 61171 on November 23, 2009. Please also refer to joint bidding provisions at 30 CFR 256.41 for additional information. All bidders must execute all documents in conformance with signatory authorizations on file in the GOM Region Adjudication Unit. Designated signatories must be authorized to bind their respective legal business entity (e.g., a corporation, partnership, or LLC) and must have an incumbency certificate setting forth the authorized signatories on file with the GOM Region Adjudication Office. 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 deposit 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 Final NOS 213 Package).

Withdrawal of Bids: Once submitted, bid(s) may not be withdrawn unless the Regional Director (RD) receives a written request for withdrawal from the company who submitted the bid(s), prior to 10 a.m. on Tuesday, March 16, 2010. This request must be typed on company letterhead and must contain the submitting company's name, its company number, the map name/number and block number of the bid(s) to be withdrawn. The request must be in conformance with signatory authorizations on file in the MMS Gulf of Mexico Region Adjudication Office. Signatories must be authorized to bind their respective legal business entities (e.g., a corporation, partnership, or LLC) and must have an incumbency certificate setting forth the authorized signatories on file with the MMS Gulf of Mexico Region Adjudication Office. The name and title of said signatory must be typed under the signature block on the withdrawal letter. Upon the RD's, or his designee's, approval of such requests, he will indicate his approval by affixing his signature and date to the submitting company's request for withdrawal.

Rounding: The following procedure must be used to calculate the minimum bonus bid, annual rental, and minimum royalty: Round up to the next whole acre if the block acreage contains a fraction of an acre prior to calculating the minimum bonus bid, annual rental, and minimum royalty amounts. The appropriate rate per acre is applied to the whole (rounded up) acreage.

The bonus bid must be in whole dollar amounts (i.e., any cents will be disregarded by the MMS) and greater than or equal to the minimum bonus bid. The appropriate minimum bid per acre rate is applied to the whole (rounded up) acreage and the resultant calculation is rounded up to the next whole dollar amount if the calculation results in any cents. The minimum bonus bid calculation, including all rounding, is shown in the document "List of Blocks Available for Leasing" included in the Final NOS 213 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. 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 Daylight Saving 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 Web site at: *http://www.gomr.mms.gov/homepg/lsesale/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 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 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.

Withdrawal of Blocks: The United States reserves the right to withdraw any block from this lease 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 those set forth in the documents contained in the associated Final NOS 213 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. Any bid submitted that does not conform to the requirements of this Notice, the Act, and other applicable regulations may be returned to the bidder submitting that bid by the RD and not be considered for acceptance. The Attorney General may also review the results of the lease sale prior to the acceptance of bids and issuance of leases for anti-trust issues. To ensure that the Government receives a fair return for the conveyance of lease rights for this lease sale, high bids will be evaluated in accordance with MMS bid adequacy procedures. A copy of current procedures, "Modifications to the Bid Adequacy Procedures" at 64 FR 37560 on July 12, 1999, can be obtained from the MMS Gulf of Mexico Region Public Information Unit or via the MMS Gulf of Mexico Region Internet Web site at: *http://www.gomr.mms.gov/homepg/lsesale/bidadeq.html.*

Successful Bidders: The MMS requires each company that has been awarded a lease to execute all copies of the lease (Form MMS–2005 (October 2009), as amended), pay by EFT the balance of the bonus bid amount and the first year's rental for each lease issued in accordance with the requirements of 30 CFR 218.155; and satisfy the bonding requirements of 30 CFR part 256, subpart I, as amended.

Also, in accordance with regulations at 2 CFR parts 180 and 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.

Affirmative Action: The MMS requests that, prior to bidding, Equal Opportunity Affirmative Action Representation Form MMS 2032 (June 1985) and Equal Opportunity Compliance Report Certification Form MMS 2033 (June 1985) be on file in the MMS Gulf of Mexico Region Adjudication Unit. This certification is required by 41 CFR part 60 and Executive Order No. 11246 of September 24, 1965, as amended by Executive Order No. 11375 of October 13, 1967. In any event, prior to the execution of any lease contract, both forms are required to be on file in the GOM Region Adjudication Unit.

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 2–D or number of blocks for 3–D) 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 Web site 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 note that you may now submit the GDIS information table digitally on a CD as an Excel spreadsheet. Refer to the Final NOS 213 Package for more details 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 RD 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 RD 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, fire, strikes, civil disorder, acts of terrorism, or other events of a similar nature. In case of such events, bidders should call (504) 736–0557 or access our Web site at: *http://www.gomr.mms.gov* for information about any changes.

Dated: February 4, 2010.

S. Elizabeth Birnbaum,

Director, Minerals Management Service.

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