

The Nuts and Bolts of OCS Leasing - An Overview

J. Keith Couvillion
June 8, 2017

Outline

- ▶ Authority to Lease Offshore Federal Submerged Lands
- ▶ Outer Continental Shelf Acreage
- ▶ 5 Year Leasing Program
- ▶ Lease Sale Process
- ▶ The Future
- ▶ Questions

Outer Continental Shelf Lands Act of 1953 (OCSLA)

[43 U.S.C. 1336]

SEC. 8. LEASING OF OUTER CONTINENTAL SHELF.—(a)(1) The Secretary is authorized to grant to the highest responsible qualified bidder or bidders by competitive bidding, under regulations promulgated in advance, any oil and gas lease on submerged lands of the Outer Continental Shelf....

OCSLA - Bidding Systems

The bidding shall be by sealed bid and, at the discretion of the Secretary, on the basis of—

(A) cash bonus bid with a royalty at not less than 12 1/2 per centum fixed by the Secretary in amount or value of the production saved, removed, or sold;

(B) variable royalty bid based on a per centum in amount or value of the production saved, removed, or sold, with either a fixed work commitment based on dollar amount for exploration or a fixed cash bonus as determined by the Secretary, or both;

(C) cash bonus bid, or work commitment bid based on a dollar amount for exploration with a fixed cash bonus, and a diminishing or sliding royalty based on such formulae as the Secretary shall determine as equitable to encourage continued production from the lease area as resources diminish, but not less than 12 1/2 per centum at the beginning of the lease period in amount or value of the production saved, removed, or sold;

(D) cash bonus bid with a fixed share of the net profits of no less than 30 per centum to be derived from the production of oil and gas from the lease area;

(E) fixed cash bonus with the net profit share reserved as the bid variable;

OCSLA - Bidding Systems (Continued)

(F) cash bonus bid with a royalty at no less than $12\frac{1}{2}$ per centum fixed by the Secretary in amount or value of the production saved, removed, or sold and a fixed per centum share of net profits of no less than 30 per centum to be derived from the production of oil and gas from the lease area;

(G) work commitment bid based on a dollar amount for exploration with a fixed cash bonus and a fixed royalty in amount or value of the production saved, removed, or sold;

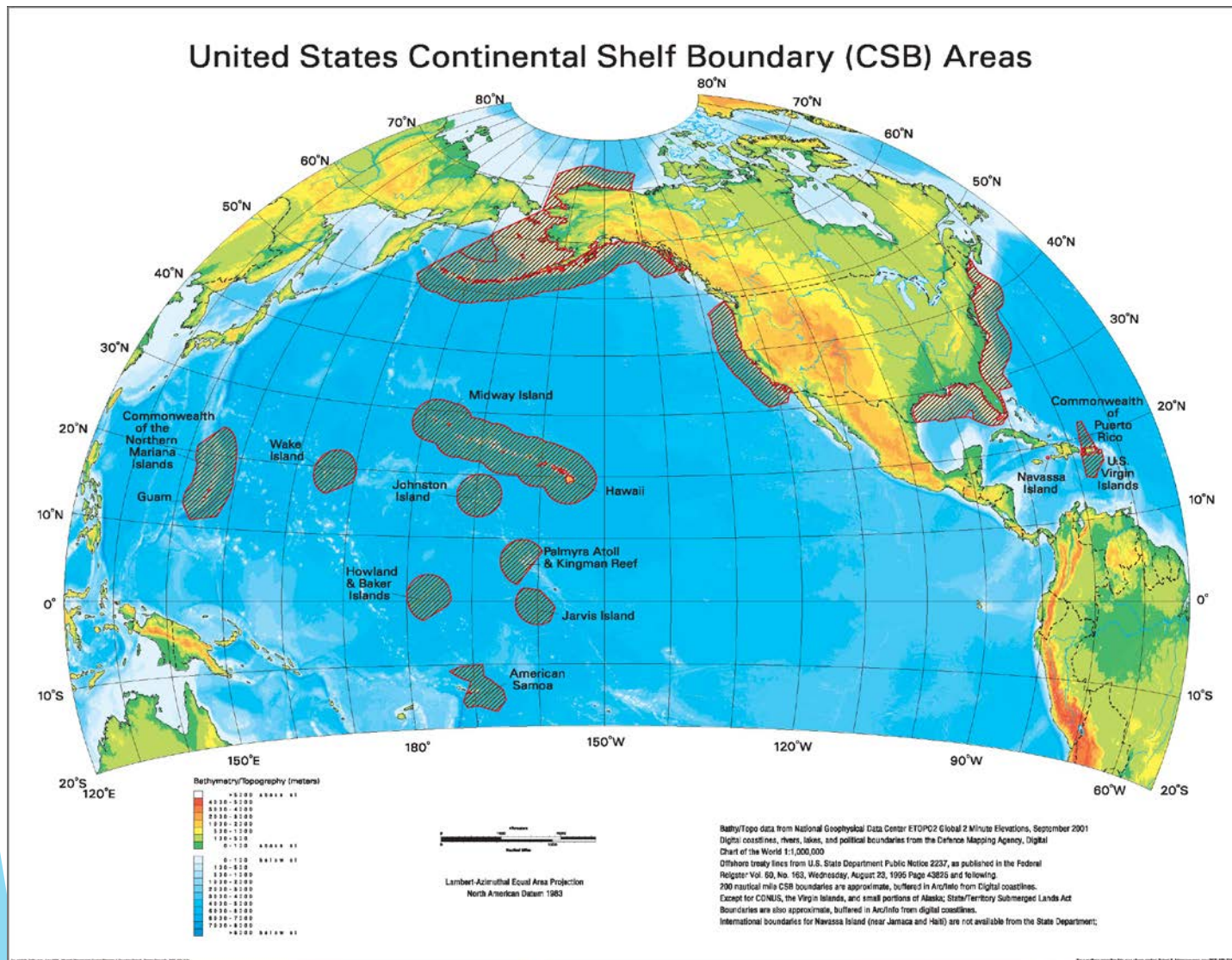
(H) cash bonus bid with royalty at no less than 12 and $\frac{1}{2}$ per centum fixed by the Secretary in amount or value of production saved, removed, or sold, and with suspension of royalties for a period, volume, or value of production determined by the Secretary, which suspensions may vary based on the price of production from the lease; or

(I) subject to the requirements of paragraph (4) of this subsection, any modification of bidding systems authorized in subparagraphs (A) through (G), or any other systems of bid variables, terms, and conditions which the Secretary determines to be useful to accomplish the purposes and policies of this Act, except that no such bidding system or modification shall have more than one bid variable.

Outer Continental Shelf Acreage



Government Controlled Offshore Lands United States - Exclusive Economic Zone *(3 Billion Acres - 4.1 Million Sq. Miles)*



Federal Offshore Acreage

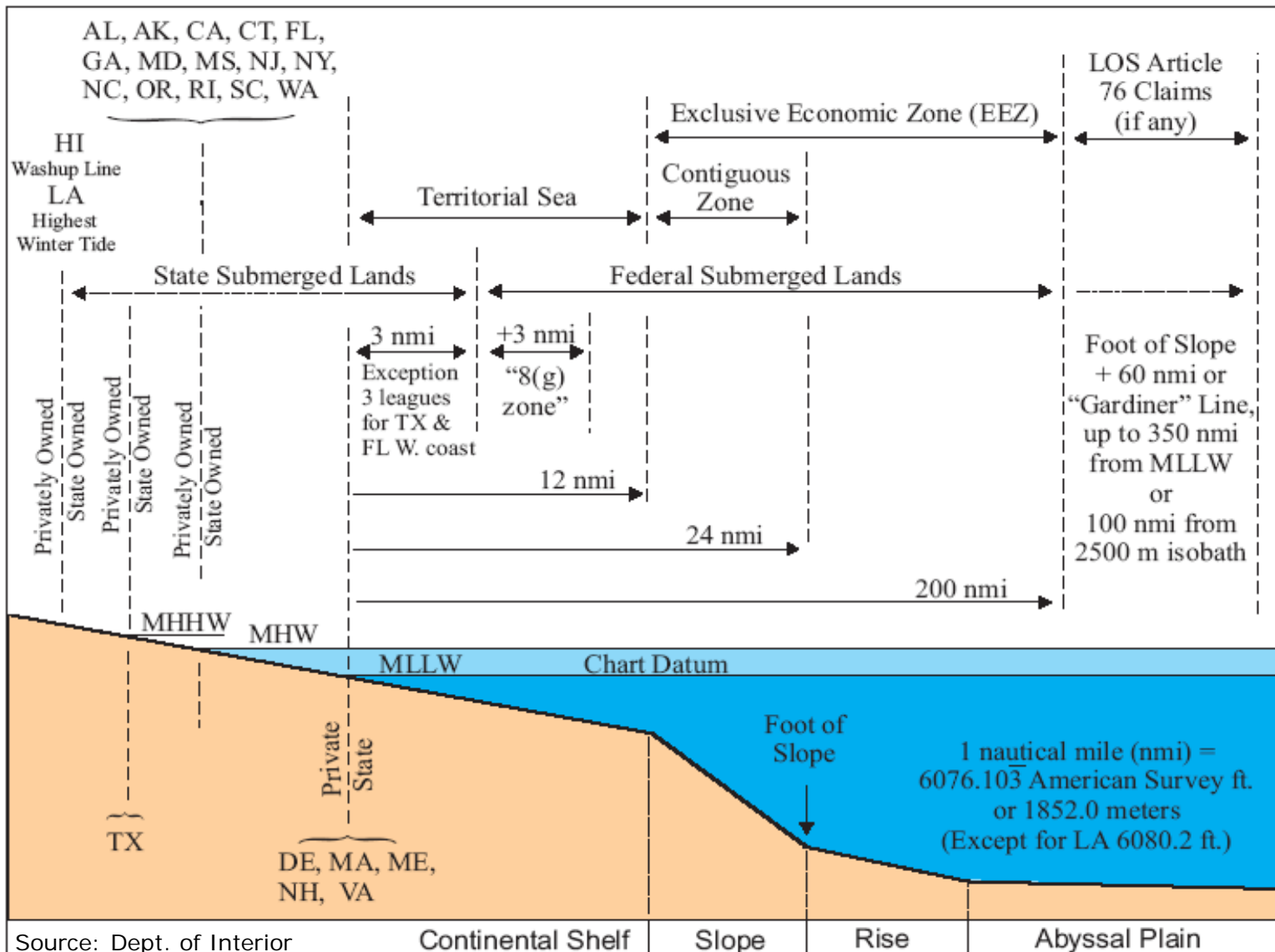
Currently Under Lease

- Available Acreage - 1.76 Billion (*Lower 48 States and Alaska*)
- Acreage Leased - 16.3+ Million
- Percent Leased - .927% (Less than 1%)

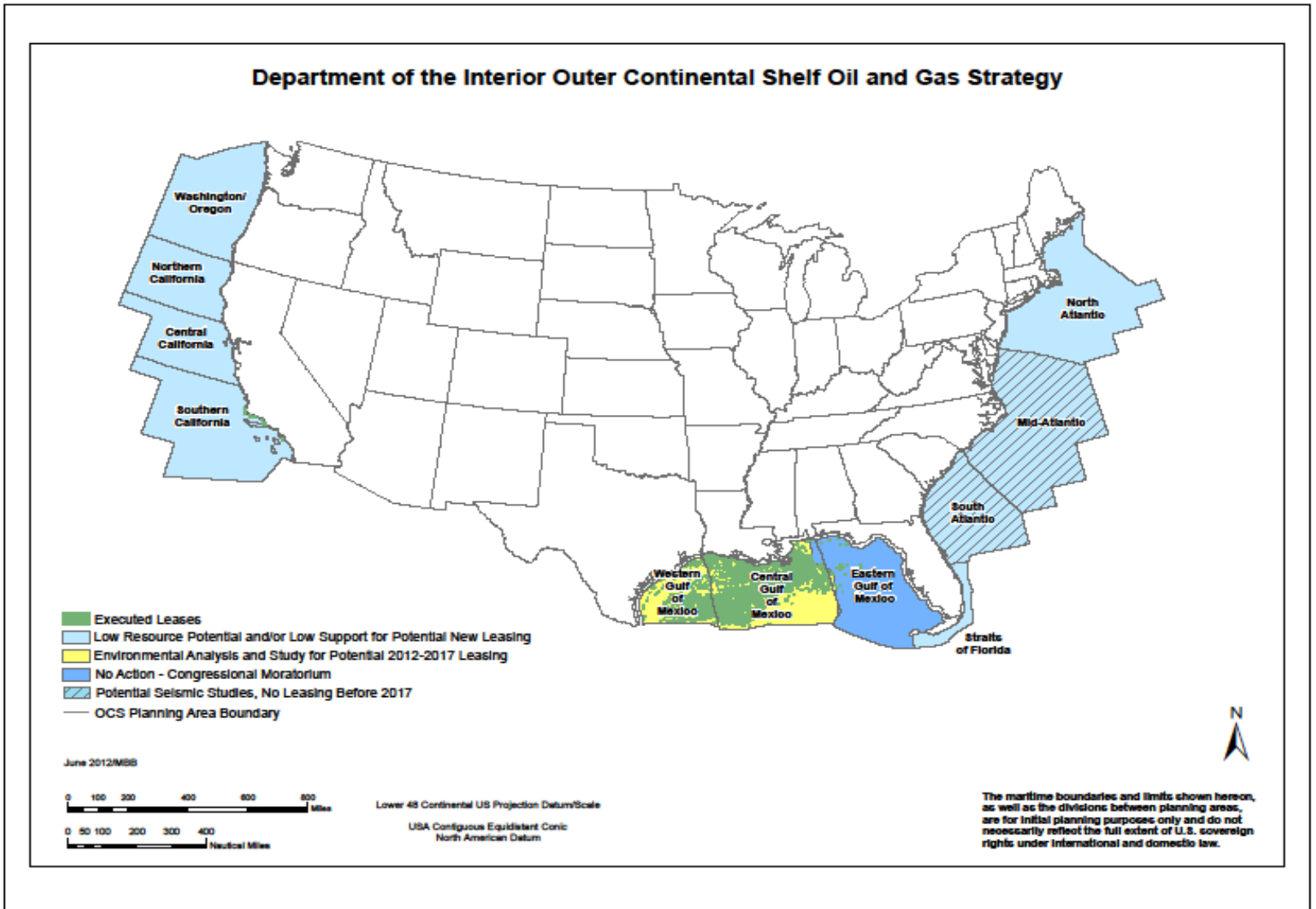
State/Federal Offshore Jurisdiction

- ▶ **State jurisdiction** is defined as those submerged lands seaward of the coastline to a distance of approximately 3 geographical miles (4.83 km). The offshore jurisdiction of the Gulf coast of Florida and the State of Texas is 3 marine leagues (approximately 10 miles) seaward.
- ▶ **Federal jurisdiction** is defined under accepted principles of international law. The seaward limit is defined as the farthest of 200 nautical miles (370 km) seaward of the baseline from which the breadth of the territorial sea is measured or, if the continental shelf can be shown to exceed 200 nautical miles, a distance not greater than a line 100 nautical miles from the 2,500-meter isobath or a line 350 nautical miles from the baseline.

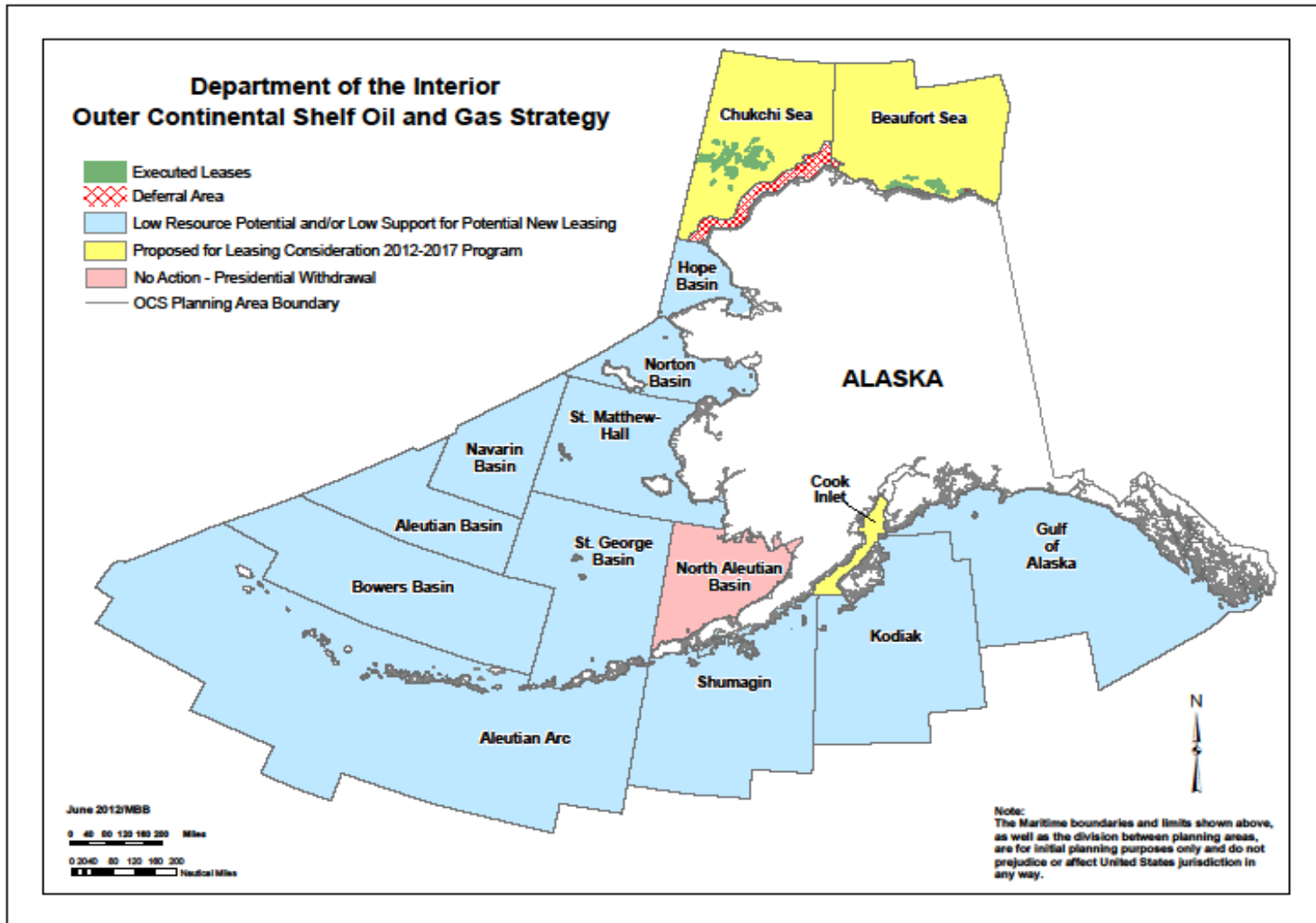
Offshore Jurisdiction



Lower 48 States - 11 Planning Areas



15 Alaska Planning Areas

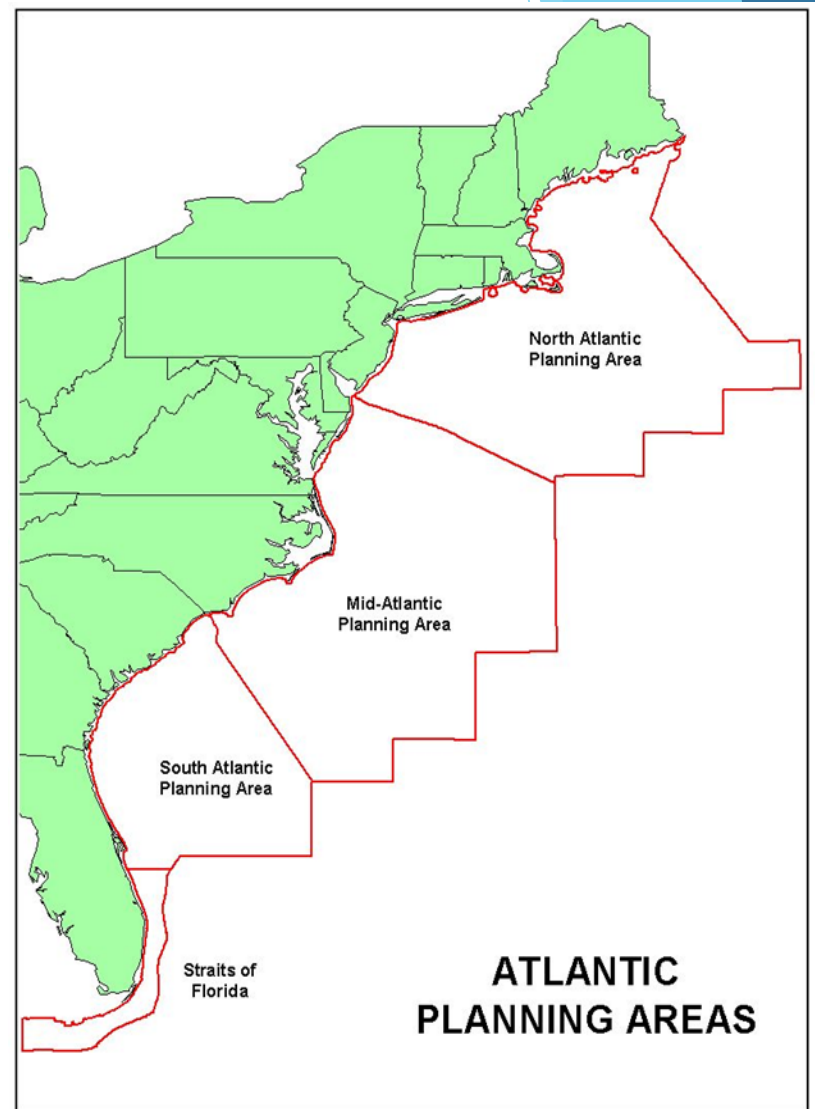


Source: DOI

Atlantic Region

Acres in Region	265,348,686
Active Leases	0
Acres Leased	0
Wells Drilled	51
Platforms	0

- ❑ Ten oil and gas lease sales were held in the Atlantic between 1976 and 1983.
- ❑ Fifty-one (51) wells were drilled in the Atlantic OCS;
 - Five (5) *Continental Offshore Stratigraphic Test (COST)* wells between 1975 and 1979
 - Forty-six (46) industry wells between 1977 and 1984



Department of the Interior Outer Continental Shelf Oil and Gas Program Pacific Region

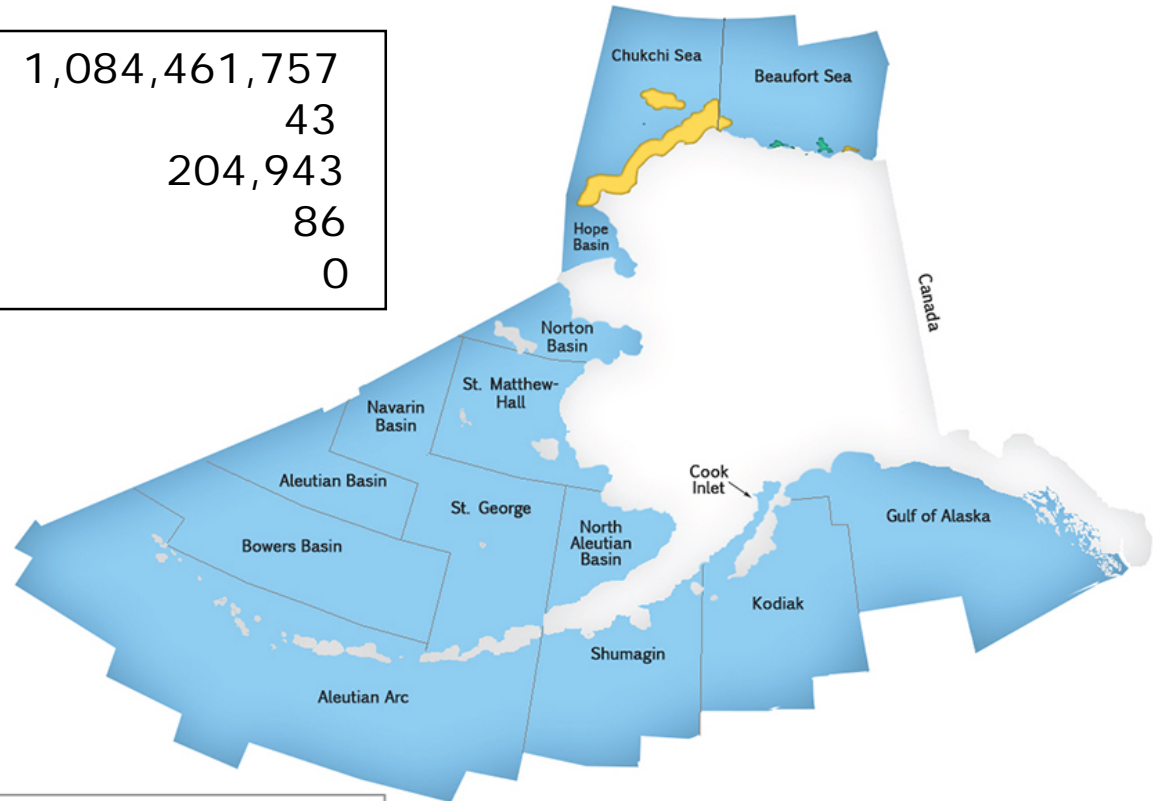
Acres in Region	248,458,455
Active Leases	43
Acres Leased	217,669
Wells Drilled	1,354
Platforms	23







- Active Leases
- No Action - Congressional Moratorium
- OCS Planning Area Boundary

Department of the Interior Outer Continental Shelf Oil and Gas Strategy Alaska Region

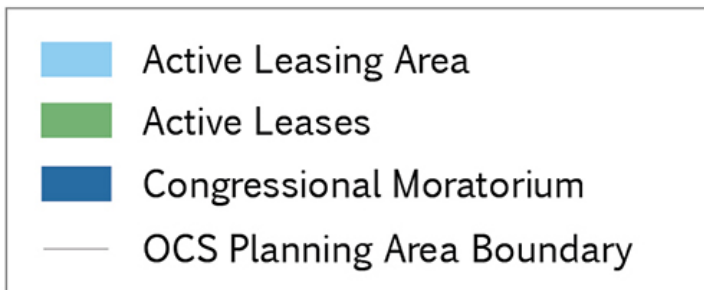
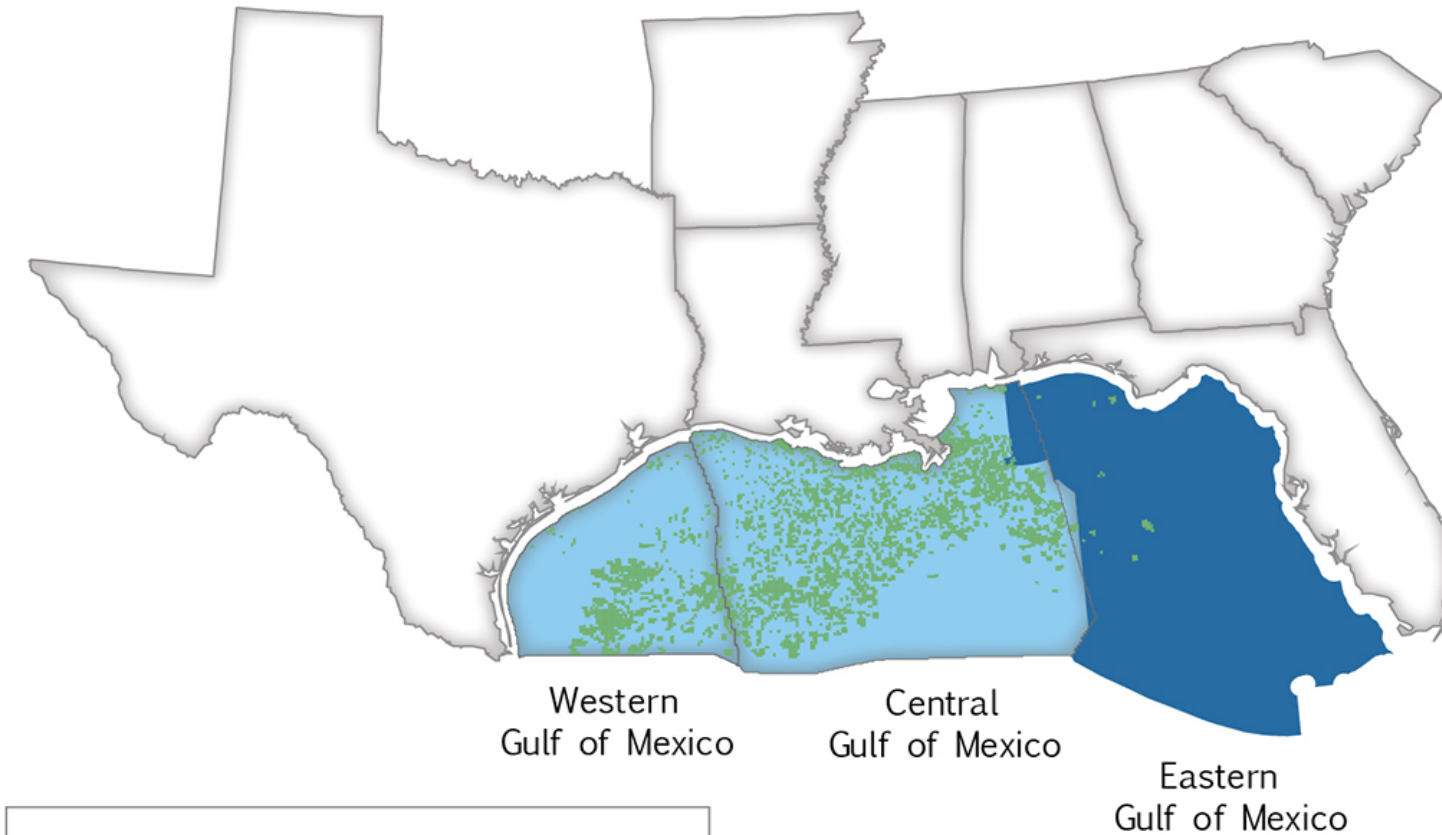
Acres in Region	1,084,461,757
Active Leases	43
Acres Leased	204,943
Wells Drilled	86
Platforms	0



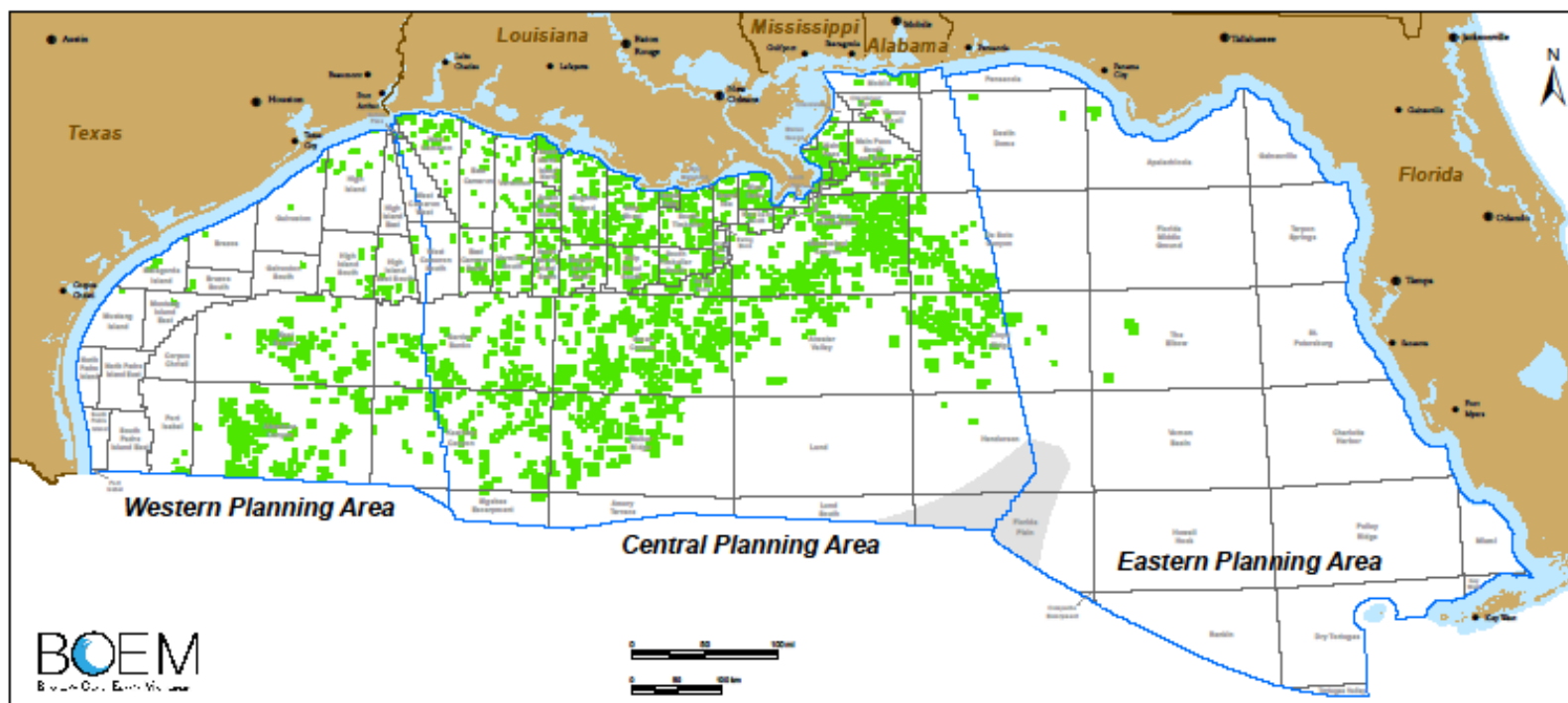
	Active Leasing Area
	Active Leases
	Presidential Withdrawal Areas
	OCS Planning Area Boundary

Source: DOI

Department of the Interior Outer Continental Shelf Oil and Gas Strategy Gulf Region



BOEM Gulf of Mexico OCS Region Blocks and Active Leases by Planning Area May 1, 2017



Planning Areas	Total Blocks	Total Acres	Number of Leases	Acres Leased
Western	5,240	28,576,813	457	2,582,802
Central	12,409	66,446,351	2,483	12,989,311
Eastern	11,537	64,357,859	37	200,670
Sub-Totals	29,186	159,381,023	2,977	15,772,783
CPA/EPA Shared Blocks*	(86)		(3)	
Totals	29,100	159,381,023	2,974	15,772,783

Active Lease (Green square)

Exclusive Economic Zone (Grey shaded area)
Northern Portion of the Eastern Gap

Planning Area Boundary (Blue outline)

* CPA and EPA contain 86 shared blocks of which 3 are leased. These blocks are given both a CPA and EPA designation in the data which accounts for a higher block total.

MA5201700195

5 Year Leasing Program

The Decision Makers



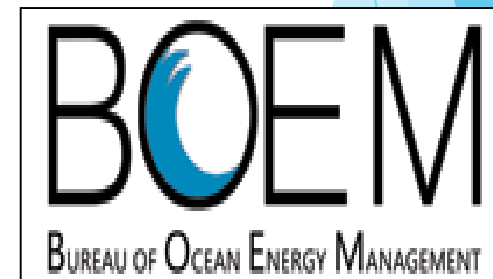
President Trump



**Secretary of Interior
Ryan Zinke**



**Acting BOEM Director
Walter Cruickshank**



OCS Lease Sales

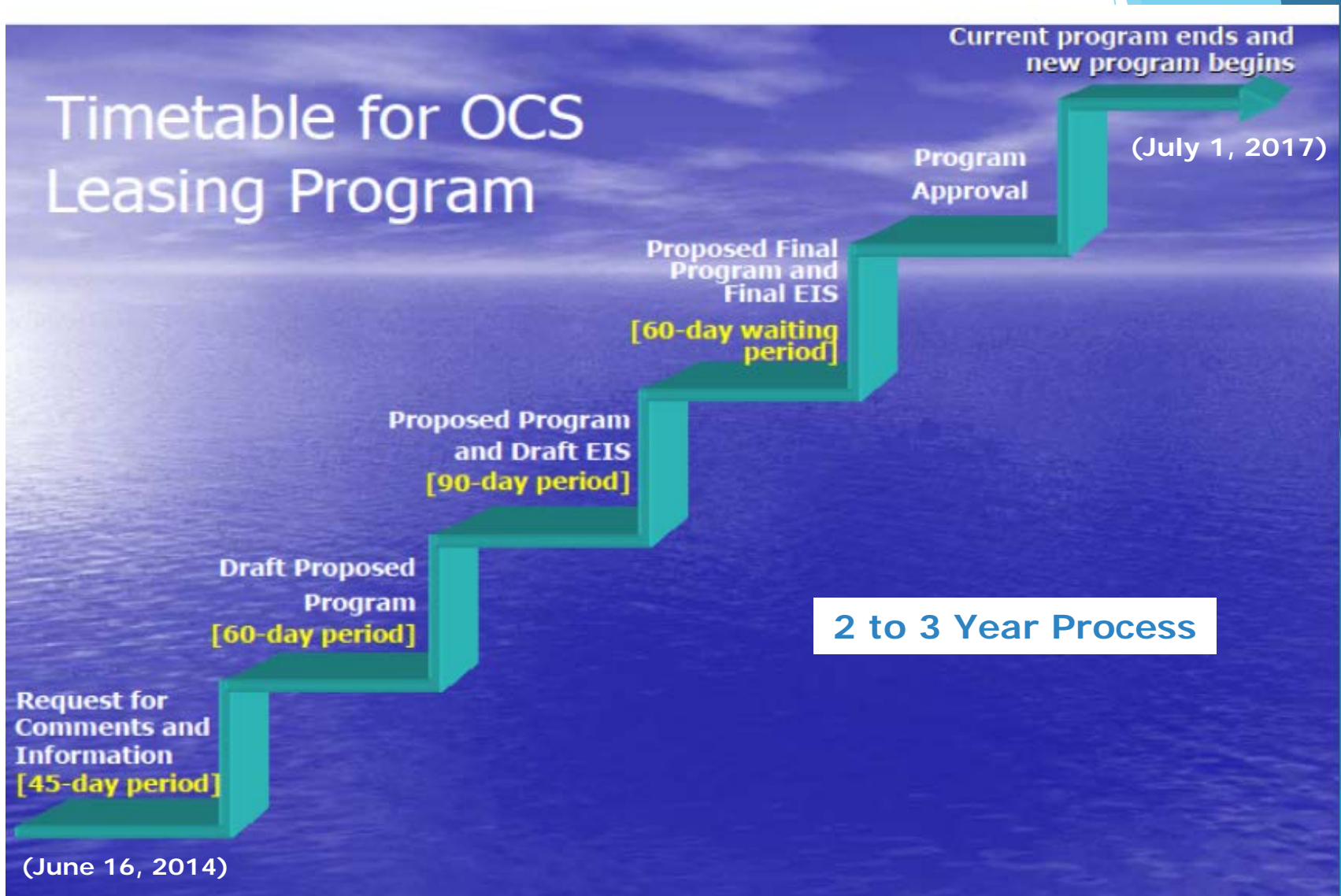
- 1978 Amendment to the OCS Land Act

[43 U.S.C. 1331]

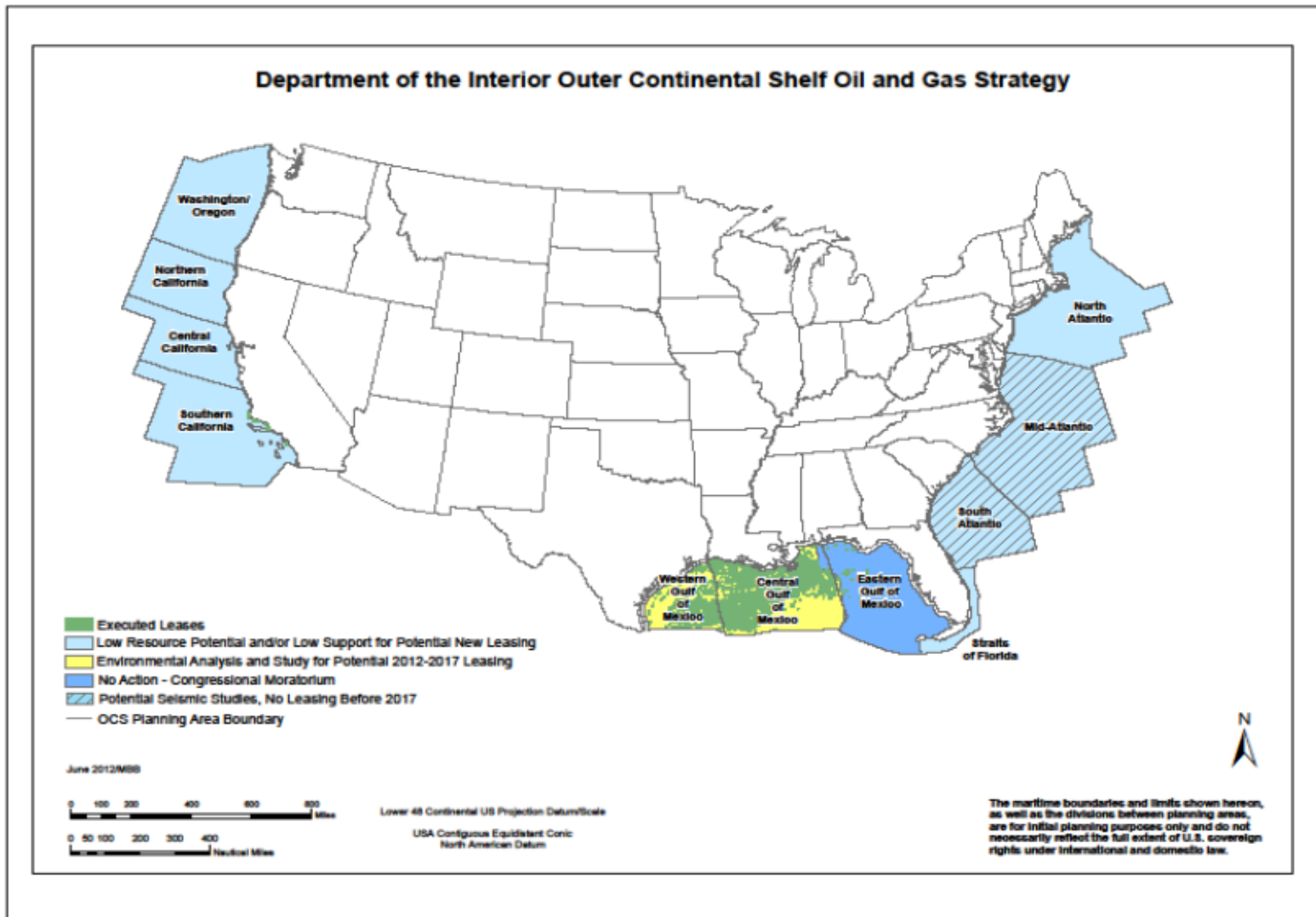
SEC. 18. OUTER CONTINENTAL SHELF LEASING PROGRAM.—(a) The Secretary, pursuant to procedures set forth in subsections (c) and (d) of this section, shall prepare and periodically revise, and maintain an oil and gas leasing program to implement the policies of this Act. The leasing program shall consist of a schedule of proposed lease sales indicating, as precisely as possible, the size, timing, and location of leasing activity which he determines will best meet national energy needs for the five-year period following its approval or re-approval.

- 2017- 2022 Leasing Program

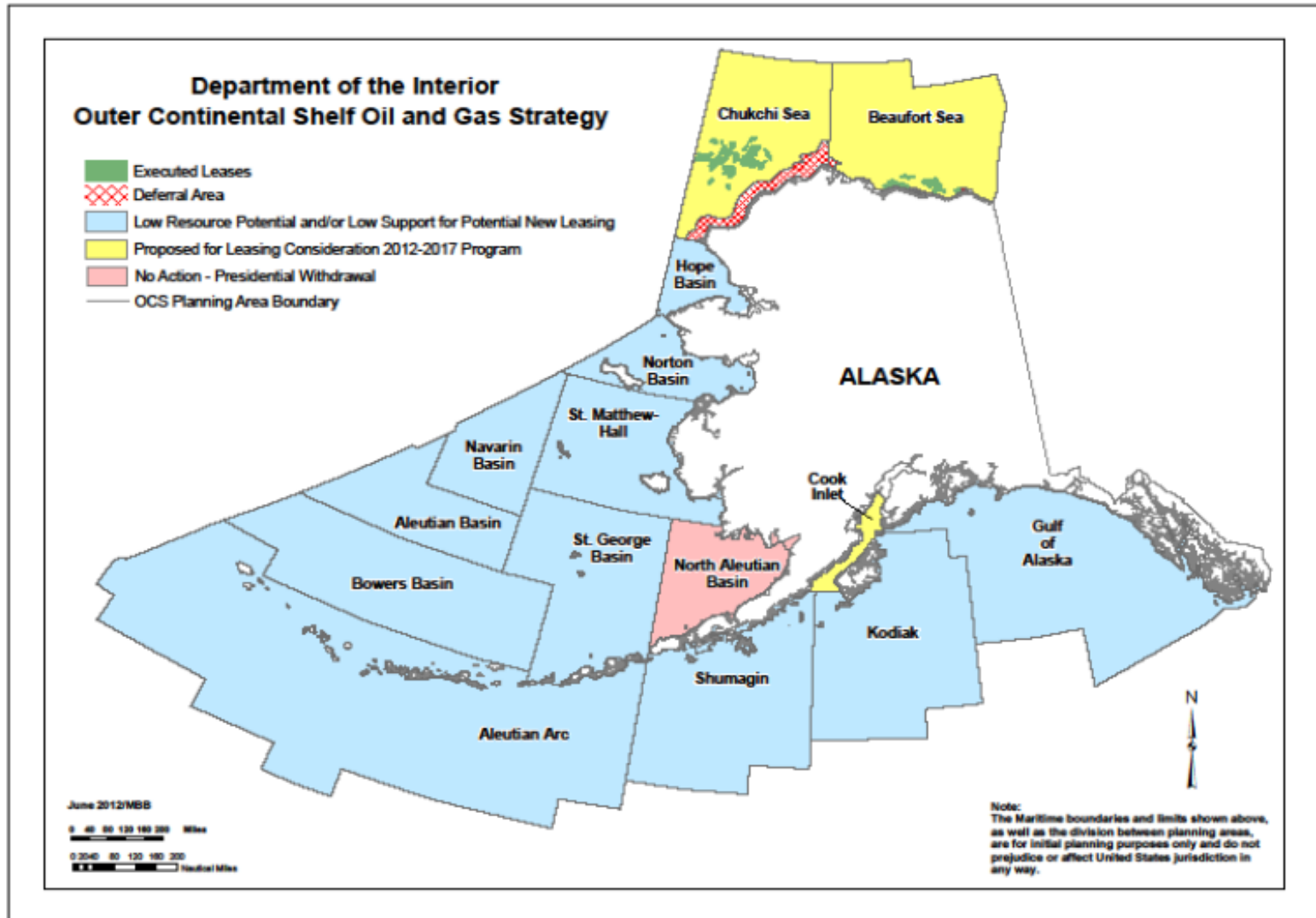
5 Year Leasing Program Process Example



Map of the Offshore Planning Areas Lower 48 States



Map of Alaska Planning Areas

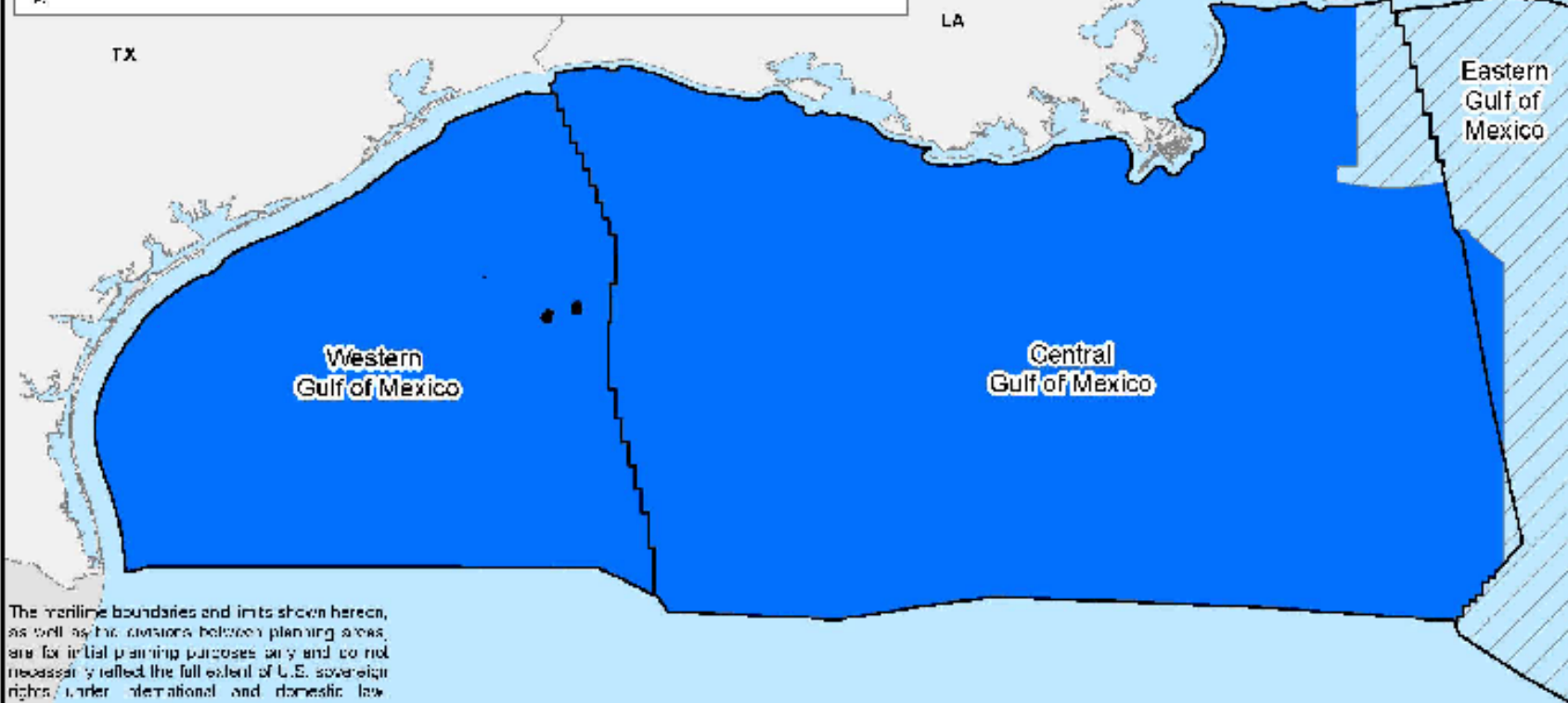
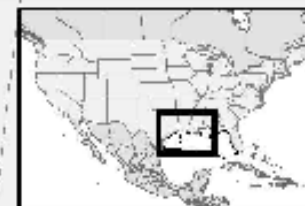
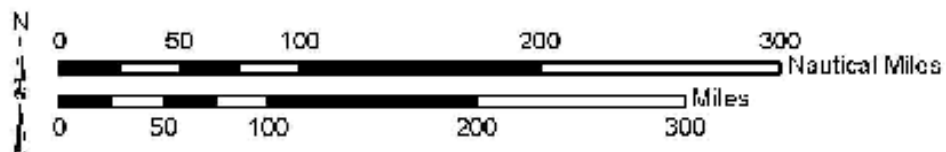


2017-2022 5 Year Leasing Program

	Sale Number	Area	Year
1.	249	Gulf of Mexico Region	2017
2.	250	Gulf of Mexico Region	2018
3.	251	Gulf of Mexico Region	2018
4.	252	Gulf of Mexico Region	2019
5.	253	Gulf of Mexico Region	2019
6.	254	Gulf of Mexico Region	2020
7.	256	Gulf of Mexico Region	2020
8.	257	Gulf of Mexico Region	2021
9.	258	Cook Inlet	2021
10.	259	Gulf of Mexico Region	2021
11.	261	Gulf of Mexico Region	2022

2017–2022 Oil and Gas Leasing Proposed Final Program Area for the Gulf of Mexico Region

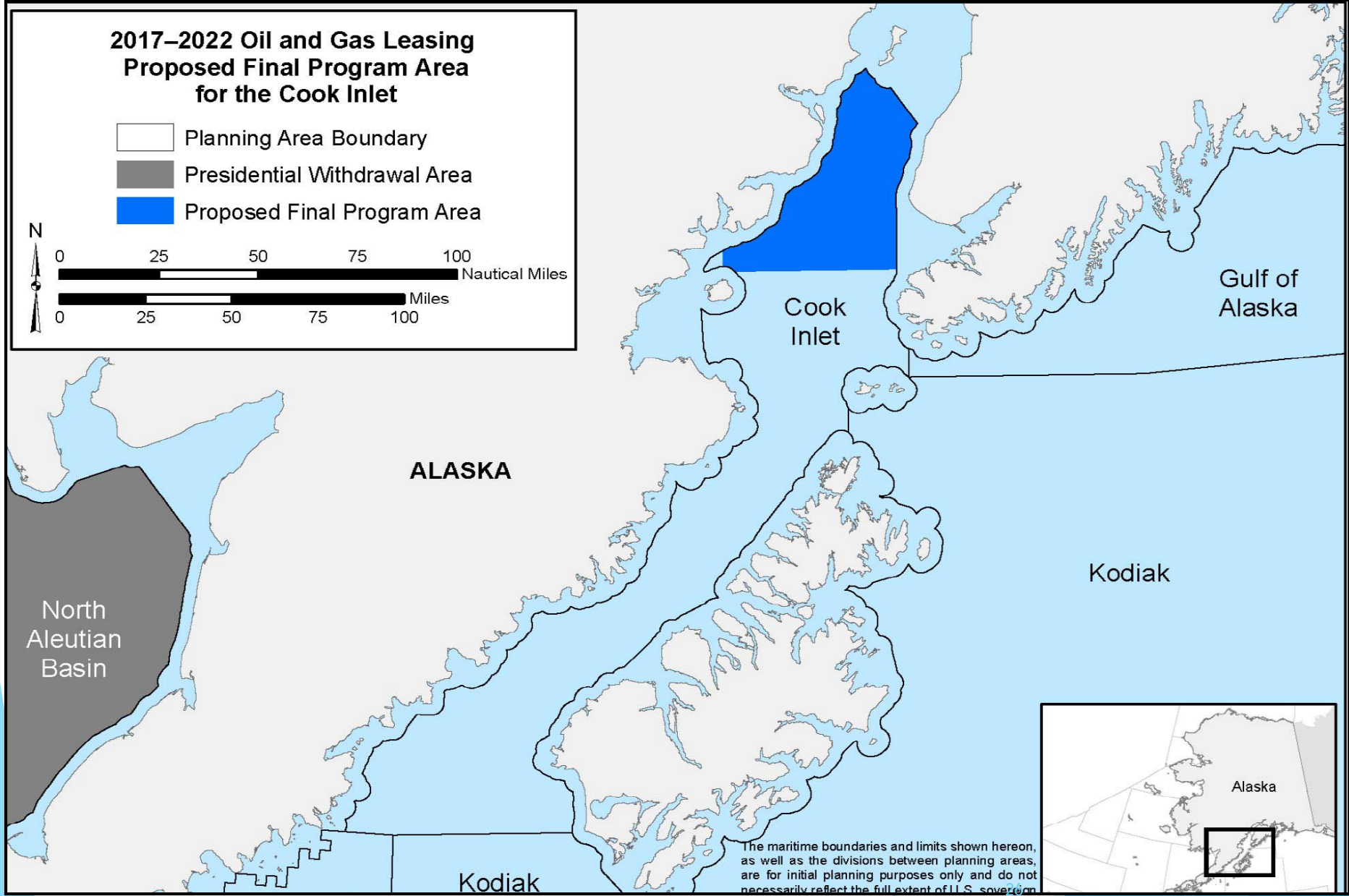
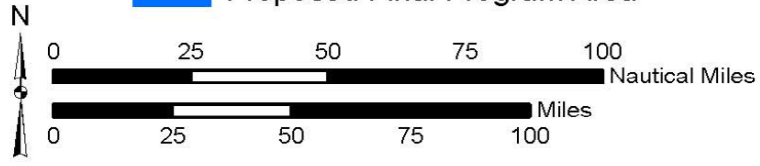
- Planning Area Boundary
- Flower Garden Banks National Marine Sanctuary
- Presidential Withdrawal Areas
- Proposed Final Program Area
- /// Congressional Moratorium (Expires June 30, 2022)



The marline boundaries and limits shown herein, as well as the divisions between planning areas, are for initial planning purposes only and do not necessarily reflect the full extent of U.S. sovereign rights under international and domestic law.

2017–2022 Oil and Gas Leasing Proposed Final Program Area for the Cook Inlet

- Planning Area Boundary
- Presidential Withdrawal Area
- Proposed Final Program Area



The maritime boundaries and limits shown hereon, as well as the divisions between planning areas, are for initial planning purposes only and do not necessarily reflect the full extent of U.S. sovereignty.



2017-2022 5-Year Leasing Program

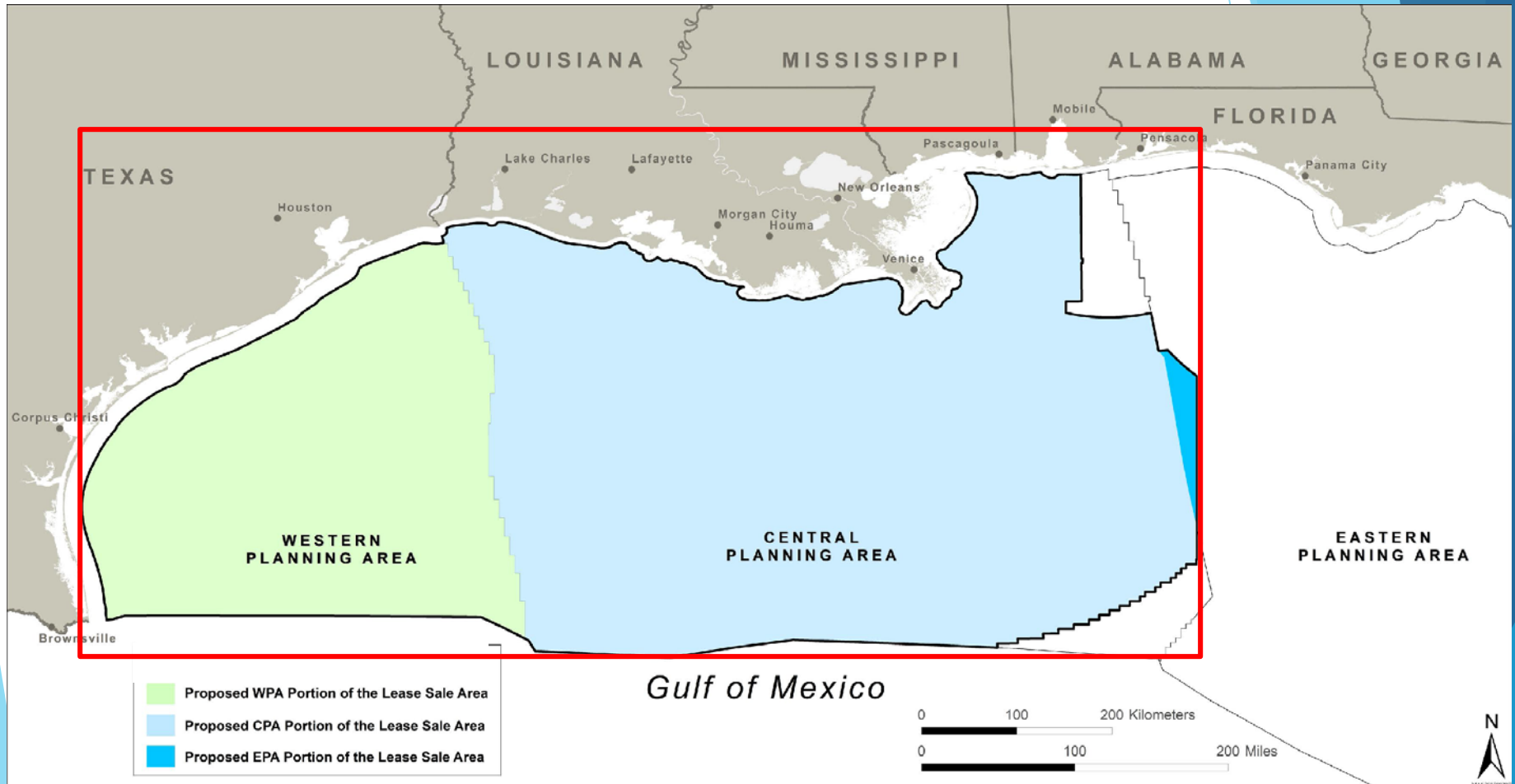
Total Acreage offered in the Five Year Program	
Total OCS	94.84* million
Alaska	1.09 million
GOM	93.75 million
Alaska	
Cook Inlet	1.09 million
Gulf of Mexico	
Western	28.58 million
Central	64.51 million
Eastern	0.66 million

(* 5.39% of the 1.76 Billion OCS Acres)

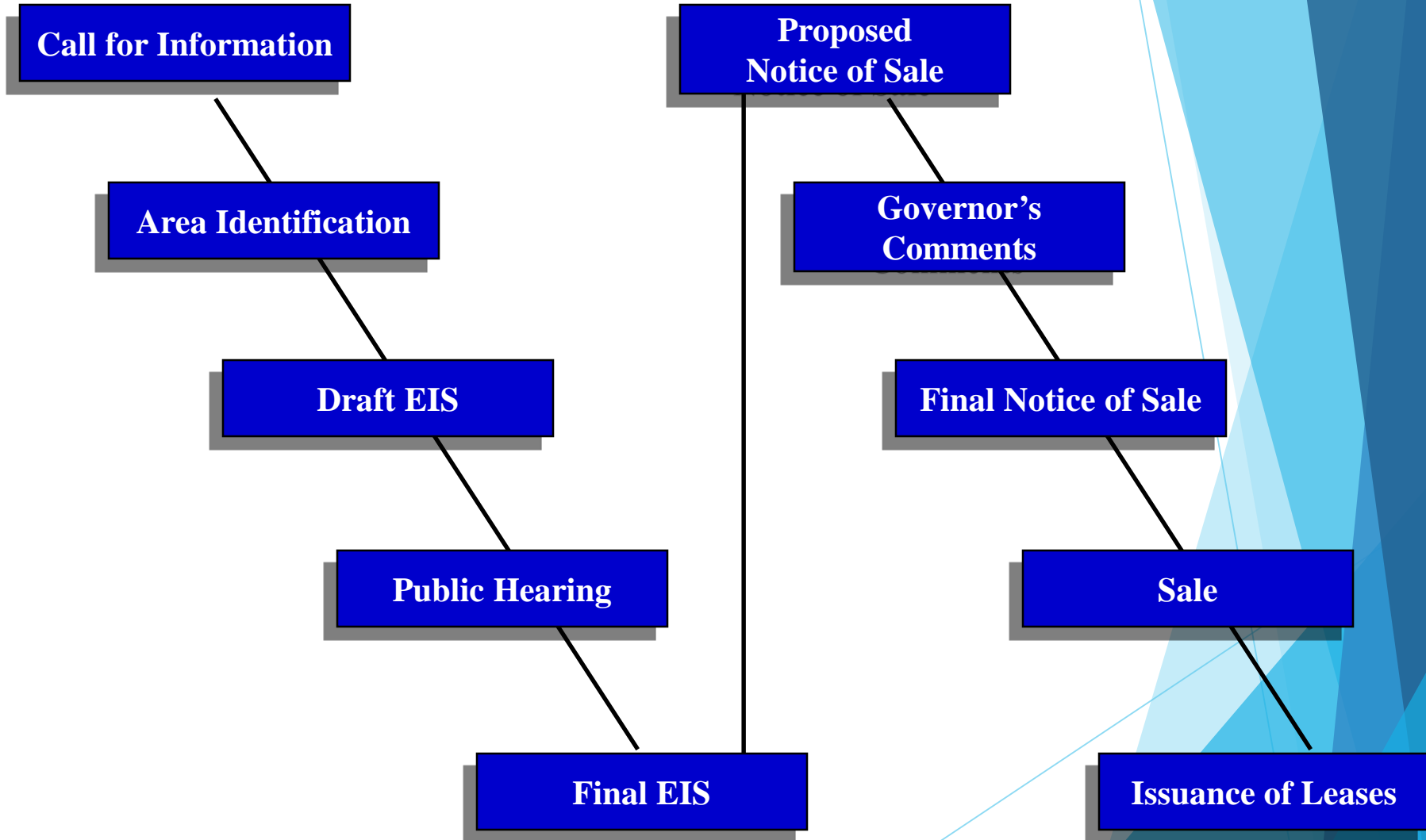
Lease Sale Process



Gulf of Mexico Regional Sale



OCS Lease Sale Procedure



Federal Register Notice

4360

Federal Register / Vol. 77, No. 18 / Friday, January 27, 2012 / Notices

the Secretary) will bear interest at the "going Federal rate" in effect at the time the debentures are issued. The term "going Federal rate" is defined to mean the interest rate that the Secretary of the Treasury determines, pursuant to a statutory formula based on the average yield on all outstanding marketable Treasury obligations of 8- to 12-year maturities, for the 6-month periods of January through June and July through December of each year. Section 221(g)(4) is implemented in the HUD regulations at 24 CFR 221.255 and 24 CFR 221.790.

The Secretary of the Treasury has determined that the interest rate to be borne by debentures issued pursuant to section 221(g)(4) during the 6-month period beginning January 1, 2012, is 1 ⁷/₈ percent.

The subject matter of this notice falls within the categorical exemption from HUD's environmental clearance procedures set forth in 24 CFR 50.19(c)(6). For that reason, no environmental finding has been prepared for this notice.

Authority: Sections 211, 221, 224, National Housing Act, 12 U.S.C. 1715b, 1715l, 1715o; Section 7(d), Department of HUD Act, 42 U.S.C. 3535(d).

Dated: January 20, 2012.

Carol J. Galante,

Acting Assistant Secretary for Housing—
Federal Housing Commissioner.

[FR Doc. 2012-1818 Filed 1-26-12; 8:45 am]

BILLING CODE 4210-47-P

DEPARTMENT OF THE INTERIOR

Bureau of Ocean Energy Management

Notice of Availability of the Proposed Notice of Sale for Outer Continental Shelf (OCS) Oil and Gas Lease Sale 216/222 in the Central Planning Area (CPA) in the Gulf of Mexico

AGENCY: Bureau of Ocean Energy Management, Interior.

ACTION: Notice of Availability of the Proposed Notice of Sale for Proposed Sale 216/222.

SUMMARY: BOEM announces the availability of the proposed Notice of Sale (NOS) for proposed Sale 216/222 in the CPA. This Notice is published pursuant to 30 CFR 556.29(c) as a matter of information to the public. With regard to oil and gas leasing on the OCS, the Secretary of the Interior, pursuant to section 19 of the OCS Lands Act, provides the affected states the opportunity to review the proposed NOS. The proposed NOS sets forth the proposed terms and conditions of the

sale, including minimum bids, royalty rates, and rentals.

DATES: Affected states may comment on the size, timing, and location of proposed Sale 216/222 within 60 days following their receipt of the proposed NOS. The final NOS will be published in the *Federal Register* at least 30 days prior to the date of bid opening. Bid opening is currently scheduled for June 20, 2012.

SUPPLEMENTARY INFORMATION: The proposed NOS for Sale 216/222 and a "Proposed Notice of Sale Package" containing information essential to potential bidders may be obtained from the Public Information Unit, Gulf of Mexico Region, Bureau of Ocean Energy Management, 1201 Elmwood Park Boulevard, New Orleans, Louisiana 70123-2394. Telephone: (504) 736-2519.

Agency Contact: Steven Textoris, Acting Leasing Division Chief, Steven.Textoris@boem.gov.

Dated: January 19, 2012.

Tommy P. Beaudreau,
Director, Bureau of Ocean Energy Management.

[FR Doc. 2012-1819 Filed 1-26-12; 8:45 am]

BILLING CODE 4310-VH-P

DEPARTMENT OF THE INTERIOR

Bureau of Land Management

[LLNVW0300.L51100000,
GN0000.LVEMF1000890.241A; 12-08807;
MO# 4500030363; TAS: 14X5017]

Notice of Availability of the Draft Environmental Impact Statement for the Hycroft Mine Expansion, Humboldt and Pershing Counties, NV

AGENCY: Bureau of Land Management, Interior.

ACTION: Notice of availability.

SUMMARY: In compliance with the National Environmental Policy Act of 1969, as amended, (NEPA) and the Federal Land Policy and Management Act of 1976, as amended, the Bureau of Land Management (BLM) Winnemucca District, Black Rock Field Office, Winnemucca, Nevada has prepared a Draft Environmental Impact Statement (EIS) for the Hycroft Mine Expansion and by this notice is announcing the opening of the comment period.

DATES: To ensure comments will be considered, the BLM must receive written comments on the Hycroft Mine Expansion Draft EIS within 45 days following the date the Environmental Protection Agency publishes its Notice of Availability in the *Federal Register*.

The BLM will announce future meetings or hearings and any other public involvement activities at least 15 days in advance through public notices, media releases, and/or mailings.

ADDRESSES: You may submit comments related to the Hycroft Mine Expansion Draft EIS by any of the following methods:

- **Web site:** www.blm.gov/nv/st/ea/fo/wfo/blm/information/nepa0.html.
- **Email:** wfoweb_comments@blm.gov.
- **Fax:** (775) 623-1503.

- **Mail:** Bureau of Land Management, Winnemucca District Office, 5100 E. Winnemucca Boulevard, Winnemucca, Nevada 89445, Attn. Kathleen Rehberg. Copies of the Hycroft Mine Expansion Draft EIS are available in the Winnemucca District Office at the above address.

FOR FURTHER INFORMATION CONTACT:

Kathleen Rehberg, Project Lead, telephone (775) 623-1500; address 5100 E. Winnemucca Boulevard, Winnemucca, Nevada 89445; email: wfoweb@blm.gov. Persons who use a telecommunications device for the deaf (TDD) may call the Federal Information Relay Service (FIRS) at 1-(800) 877-8339 to contact the above individual during normal business hours. The FIRS is available 24 hours a day, 7 days a week, to leave a message or question with the above individual. You will receive a reply during normal business hours.

SUPPLEMENTARY INFORMATION: Hycroft Resources Development Inc., (HRDI) proposes to expand mining activities at the existing Hycroft Mine on BLM-managed public land and on private land in Humboldt and Pershing counties, approximately 55 miles west of Winnemucca, Nevada, on the west flank of the Kamma Mountains. HRDI submitted an amended Plan of Operations to the BLM for approval, which proposes to expand the existing project boundary of 6,858 acres an additional 5,895 acres for a total project area of approximately 14,753 acres of public and private land. The Hycroft Mine currently employs approximately 205 workers. The proposed expansion would increase the mine life by approximately 12 years and increase employment to approximately 537 mine personnel.

The Draft EIS analyzes the potential environmental impacts associated with the proposed expansion, which includes 2,173 acres of new surface disturbance. An updated inventory of wilderness characteristics was used for the analysis of potential impacts associated with this project. The existing open pit operation and associated disturbance would be

Lease Sale Blocks/Tracts

	G20361 05/31/2008 ExxonMbbil VR627	G20362 05/31/2008 ExxonMbbil VR628	G20363 04/30/2008 Union QI CA VR629	G18741 04/30/2007 ExxonMbbil VR630	G18742 06/30/2007 Chevron USA VR631	G18743 06/30/2007 ExxonMbbil VR632	G18744 07/31/2007 Union QI CA VR633	G18745 06/30/2007 Union QI CA VR634
	VR671	G26410 05/31/2014 ExxonMbbil VR672	G20372 07/31/2008 ExxonMbbil VR673	G18750 04/30/2007 ExxonMbbil VR674	G18751 06/30/2007 Chevron USA VR675	G18752 06/30/2007 ExxonMbbil VR676	G18753 06/30/2007 Union QI CA VR677	G21245 06/30/2007 Union QI CA VR678
	G17010 06/30/2006 Chevron USA VR715	G26411 05/31/2014 ExxonMbbil VR716	G26412 05/31/2014 ExxonMbbil VR717	G18757 04/30/2007 ExxonMbbil VR718	G18758 04/30/2007 ExxonMbbil VR719	G18759 06/30/2007 Chevron USA VR720	G20381 05/31/2008 ExxonMbbil VR721	G18760 04/30/2007 Shell Offsh VR722
	G17016 06/30/2006 Chevron USA VR759	G18763 04/30/2007 ExxonMbbil VR760	G18764 04/30/2007 ExxonMbbil VR761	G18765 04/30/2007 ExxonMbbil VR762	G18766 04/30/2007 ExxonMbbil VR763	G20389 05/31/2008 BP E&P VR764	G21869 06/30/2010 BP E&P VR765	G21251 06/30/2007 BP E&P VR766
	G20396 05/31/2008 Chevron USA VR803	G20396 05/31/2008 Devon LA VR804	G18769 04/30/2007 ExxonMbbil VR805	G18770 04/30/2007 ExxonMbbil VR806	G20397 05/31/2008 ExxonMbbil VR807	G17021 08/31/2006 BP E&P VR808	G17022 08/31/2006 BP E&P VR809	G21256 06/30/2007 BP E&P VR810
	G20403 05/31/2008	G20403 05/31/2008	G20404 05/31/2008	G20405 05/31/2008	G20406 05/31/2008	G20407 06/30/2008	G20408 06/30/2008	G20409 07/31/2008

Lease Financial Terms

Initial Period:

- ▶ 5 years for blocks in water depths less than 400 meters (3 year extension available if a well is spudded targeting hydrocarbons below 25,000 feet True Vertical Depth Subsea during the first 5 years of the lease - must apply for the extension)
- ▶ 5 + 3 years for blocks in water depths of 400 to less than 800 meters (must apply for the extension)
- ▶ 7 + 3 years for blocks in water depths of 800 to less than 1600 meters (must apply for the extension)
- ▶ 10 years for blocks in water depths of 1600 meters or deeper

Minimum Bonus Bid Amount:

- ▶ \$ 25.00 per acre or fraction thereof for water depths less than 400 meters
- ▶ \$100.00 per acre or fraction thereof for water depths 400 meters or deeper

Rental Rates:

- ▶ \$ 7.00 - \$28.00 per acre or fraction thereof for water depths less than 200 meters
- ▶ \$11.00 - \$44.00 per acre or fraction thereof for water depths 200 meters to less than 400 meters
- ▶ \$11.00 - \$16.00 per acre or fraction thereof for water depths 400+ meters

Minimum Royalty Rates:

- ▶ \$ 7.00 per acre or fraction thereof for water depths less than 200 meters
- ▶ \$11.00 per acre or fraction thereof for water depths 200 meters or deeper

Royalty Rate: 18.75%

OCS Lease Sale Preparation

- Access and review Final Sale Notice online
 - Follow instructions
 - Pay close attention to lease stipulations
 - (1) Topographic Features
 - (2) Live Bottom
 - (3) Military Areas
 - (4) Evacuation
 - (5) Coordination
 - (6) Blocks South of Baldwin County, Alabama
 - (7) United Nations Convention on the Law of the Sea Royalty Payment
 - (8) Protected Species
 - (9) Below Seabed Operations
 - (10) Agreement between the United States of America and the United Mexican States concerning Transboundary Hydrocarbon Reservoirs in the Gulf of Mexico
- Submit Qualification Paperwork
- Submit Equal Opportunity Forms

OCS Lease Sales Bid Submittal

- Cash bonus variable
- All other commercial terms are fixed
- One Tract per Bid
- Bids can be submitted to BOEM during normal business hours until 10:00 a.m. the day before the Sale
- Signed Bid Form submitted in sealed Envelope
- Geophysical Data and Information Statement
- Joint bids do not include *Restricted Bidders*
- Bids may be withdrawn only by written request delivered to BOEM prior to the Bid Submission Deadline.

Bid Form

Regional Director
Minerals Management Service, DOI
Gulf of Mexico OCS Region
1201 Elmwood Park Boulevard
New Orleans, Louisiana 70123-2394

Oil and Gas Lease Sale 206
Date of Lease Sale: March 19, 2008
Company Submitting Bid:
Chevron U.S.A. Inc.
GOM Company Number: 00078

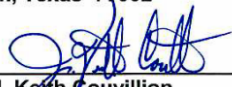
Oil and Gas Lease Bid

It is understood that this bid legally binds the bidder(s) to comply with all applicable regulations, including paying the 1/5th bonus on all high bids, as provided in the Final Notice of Sale.

The following bid is submitted for an oil and gas lease on the area and block of the Outer Continental Shelf specified below:

<u>Map Name</u>	<u>Map Number</u>	<u>Block Number</u>	<u>Amount Bid</u>
Green Canyon	NG15-03	944	\$55,053,032

<u>GOM Company Number</u>	<u>Percent Interest</u>	<u>Company Name(s), Address(es) and Signature(s)</u>
00078	100.00	Chevron U.S.A. Inc. 1500 Louisiana St. Houston, Texas 77002

By: 
J. Keith Couvillion
Assistant Secretary

Bid Envelope

Chevron U.S.A. Inc. - GOM Company No. 00078

Green Canyon (*NG15-03*)

Block 944

**SEALED BID FOR OIL AND GAS LEASE SALE 206,
NOT TO BE OPENED UNTIL 9 A.M., WEDNESDAY, MARCH 19, 2008.**

OCS Lease Sales – *Sale Day*

- Bid opening will be available for public viewing on BOEM’s website at www.boem.gov via live-streaming video beginning at 9:00 a.m. on the date of the sale
 - ▶ No Public Access to Sale
 - ▶ Live streaming provides greater access to a wider national and international audience
 - ▶ Security for BOEM staff
- Bid results are posted on BOEM’s website after bid opening and reading are completed
- High bid(s) receipt available electronically after the Sale on BOEM’s website
- 1/5th Bonus due by Electronic Funds Transfer (EFT) to US Treasury by 11:00 a.m. Eastern Time the day after the Sale

Acceptance, Rejection, or Return of Bids

- *The United States reserves the right to reject any and all bids.* No bid will be accepted, and no lease for any block will be awarded to any bidder, unless:
 - (1) The bidder has complied with all requirements of the Final Notice of Sale (NOS), including those set forth in the documents contained in the Final NOS package, and applicable regulations;
 - (2) The bid is the highest valid bid; and
 - (3) 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 the Final NOS and Final NOS package, OCSLA, or other applicable statute or regulation will be rejected and returned to the bidder. *The U.S. Department of Justice and the Federal Trade Commission will review the results of the lease sale for antitrust issues prior to the acceptance of bids and issuance of leases.*

OCS Lease Sale - Lease Awarding

- Phases I & II Bid adequacy determination
- Payment of remaining 4/5th bonus, and first year's rental, by EFT to Treasury by 11:00 a.m. Eastern Time on or before the 11th business day after notice of award of lease
 - ▶ Sign Lease Form (Triplicate)
 - ▶ Submit Executed Leases to BOEM
 - ▶ Submit Designation of Operator Forms to BOEM
- Fully executed Lease issued to Lessee(s)

OCS Lease Form

XXXXXX

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF OCEAN ENERGY MANAGEMENT
OIL AND GAS LEASE OF SUBMERGED LANDS
UNDER THE OUTER CONTINENTAL SHELF LANDS ACT

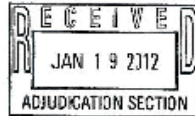
Office New Orleans, LA	Serial number OCS-G 34161
Cash bonus \$608,779.00	Rental rate per acre, hectare or fraction thereof See Addendum
Minimum royalty rate per acre, hectare or fraction thereof \$11.00 per acre	Royalty rate 18 3/4 percent
	Profit share rate

Paperwork Reduction Act of 1995 statement: This form does not constitute an information collection as defined by 44 U.S.C. 3501 et seq, and therefore does not require approval by the Office of Management and Budget.

This lease is effective as of **FEB 01 2012** (hereinafter called the "Effective Date") and shall continue for an initial period of **seven** years (hereinafter called the "Initial Period") by and between the United States of America (hereinafter called the "Lessor"), by the **Regional Director, Gulf of Mexico OCS Region**, Bureau of Ocean Energy Management (BOEM), its authorized officer, and

Union Oil Company of California

100%



(hereinafter called the "Lessee"), in consideration of any cash payment heretofore made by the Lessee to the Lessor and in consideration of the promises, terms, conditions, and covenants contained herein, including the Stipulations numbered **2 and 4** attached hereto, the Lessor and Lessee agree as follows:

Sec. 1. Statutes and Regulations. This lease is issued pursuant to the Outer Continental Shelf Lands Act of August 7, 1953, 43 U.S.C. 1331 et seq., as amended, (hereinafter called "the Act"). This lease is subject to the Act, regulations promulgated pursuant thereto, and other statutes and regulations in existence upon the Effective Date of the lease, and those statutes enacted (including amendments to the Act or other statutes) and regulations promulgated thereafter, except to the extent they explicitly conflict with an express provision of this lease. It is expressly understood that amendments to existing statutes and regulations, including but not limited to the Act, as well as the enactment of new statutes and promulgation of new regulations, which do not explicitly conflict with an express provision of this lease may be made and that the Lessee bears the risk that such may increase or decrease the Lessee's obligations under the lease.

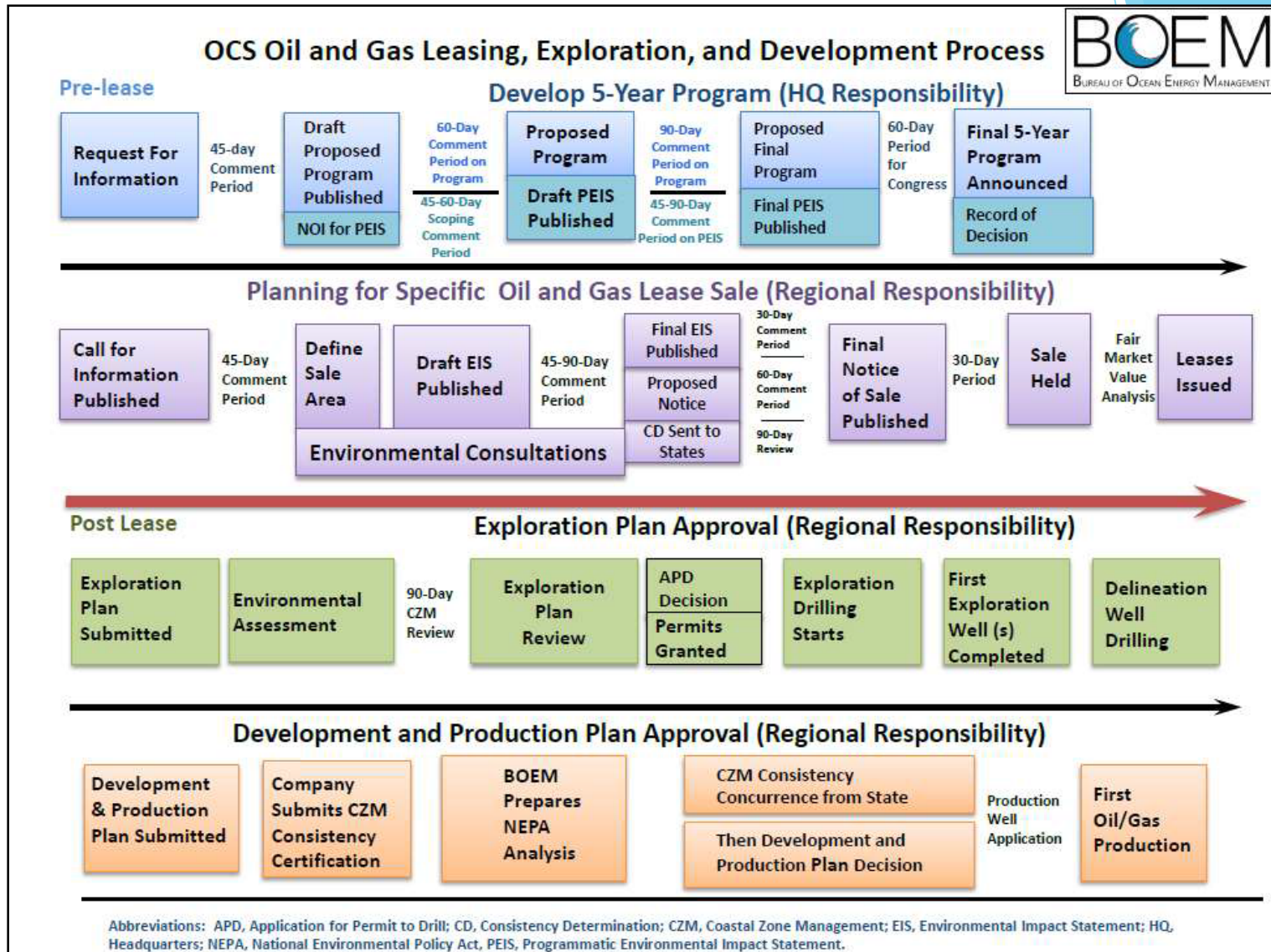
In accordance with the regulations at 2 CFR, parts 180 and 1406, the Lessee must comply with the U.S. Department of the Interior's department and suspension (inoperativeness) requirements and must communicate this requirement to comply with these regulations to all persons with whom the Lessee does business as it relates to this lease by including this term as a condition when entering into contracts and transactions with others.

Sec. 2. Rights of Lessee. The Lessor hereby grants and leases to the Lessee the exclusive right and privilege to drill for, develop, and produce oil and gas resources, except helium gas, in the submerged (and of the Outer Continental Shelf) containing approximately **5,760.050000** acres or **hectares** (hereinafter referred to as the "leased area"), described as follows:

All of Block 333, Alumines Canyon, OCS Official Protraction Diagram, NG 15-04.

This lease is amended by addendum pursuant to the Final Notice of Sale for OCS Oil and Gas Lease Sale 218. The addendum shall become a part of the lease and supersede any inconsistent provisions of the lease form.

From Idea to Production



Future Lease Sales ????

- ▶ 2019-2024 5 Year Leasing Program
- ▶ Virtual Sales for Now (No Public Meetings)
- ▶ Online Bidding is being Evaluated
- ▶ One option is to eliminate Virtual Sales altogether with all bids submitted online and results announced online the day of the Sale
- ▶ BOEM & BSEE Merger ????
 - Scott Angelle - Director



