

Information to Lessees

The Final Sale Notice Package contains a document titled "Information to Lessees." These Information to Lessees items provide information on various matters of interest to potential bidders.

Notice of Bidding Systems

Section 8(a)(8) (43 U.S.C. 1337(a)(8)) of the Outer Continental Shelf Lands Act (OCSLA) requires that, at least 30 days before any lease sale, a Notice be submitted to Congress and published in the **Federal Register**. This Notice of Bidding Systems is for Sale 181, Eastern Gulf of Mexico, scheduled to be held in December 2001.

In Sale 181, all blocks are being offered under a bidding system that uses a cash bonus and a fixed royalty of 12.5 with a royalty suspension volume of 12 million barrels of oil equivalent per lease. This bidding system is authorized under 30 CFR 260.110(a)(7), which allows use of a cash bonus bid with a royalty rate of not less than 12.5 percent and with suspension of royalties for a period, volume, or value of production, and an annual rental. Analysis performed by the MMS indicates that use of this system provides an incentive for development of this area while ensuring that a fair sharing of revenues will result if major discoveries are made and produced.

Specific provisions for Sale 181 are contained in the document "Royalty Suspension Provisions, Sale 181" and a map "Lease Terms, Economic Conditions, Stipulations and Deferred Blocks, Final" depicting blocks and applicable royalty suspension volumes. Both documents are included in the Sale Notice Package.

Dated: October 23, 2001.

Thomas R. Kitsos,

Acting Director, Minerals Management Service.

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DEPARTMENT OF THE INTERIOR

Minerals Management Service

Request for Comments on the Proposed 5-Year Outer Continental Shelf (OCS) Oil and Gas Leasing Program for 2002-2007

AGENCY: Minerals Management Service, Interior.

ACTION: Request for comments on the Proposed 5-Year OCS Oil and Gas Leasing Program for 2002-2007.

SUMMARY: The Minerals Management Service requests comments on the Proposed 5-Year OCS Oil and Gas Leasing Program for 2002-2007. This is the second draft of a new program to succeed the current program that expires on June 30, 2002. The first proposal—the draft proposed program—was issued in July for a 60-day comment that closed on September 21, 2001.

DATES: Please submit comments and information to the MMS no later than January 24, 2002.

ADDRESSES: Respondents should mail comments and information to: Ralph V. Ainger, Minerals Management Service (MS-4010), Room 2324, 381 Elden Street, Herndon, Virginia 20170. The MMS will accept hand deliveries at 1849 C Street, NW., Room 4230, Washington, DC. Envelopes or packages should be marked "Comments on the Proposed 5-Year OCS Oil and Gas Leasing Program for 2002-2007." When submitting any privileged or proprietary information, respondents should mark the envelope, "Contains Proprietary Information."

The MMS will accept comments submitted by electronic mail. Send email comments to *MMS5-year.document@mms.gov*. The proposed program decision document may be downloaded from the MMS internet website at *www.mms.gov*, and copies of all comments received will be posted at that website after the comment period closes.

FOR FURTHER INFORMATION CONTACT: Ralph V. Ainger at (703) 787-1215.

SUPPLEMENTARY INFORMATION: Section 18 of the OCS Lands Act (43 U.S.C 1344) specifies a multi-step process of consultation and analysis that must be completed before the Secretary of the Interior may approve a new 5-year program. The required steps following this notice include the development of a proposed final program to be submitted to the Congress and the President, with Secretarial approval of a new program no sooner than 60 days afterward. Pursuant to the National Environmental Policy Act, the MMS also is preparing an Environmental Impact Statement (EIS) for the new 5-year program. The draft EIS is being issued with this proposed program, and a final EIS will be issued with the proposed final program.

The MMS requests comments from states, local governments, native groups, tribes, the oil and gas industry, Federal agencies, environmental and other interest organizations, and all other interested parties to assist in the preparation of a 5-Year OCS oil and gas

leasing program for 2002-2007 and applicable EIS.

Background

Section 18 of the OCS Lands Act requires the Secretary of the Interior to prepare and maintain a schedule of proposed OCS oil and gas lease sales determined to "best meet national energy needs for the 5-year period following its approval or reapproval." The proposed program carries forward the same schedule of proposed OCS lease sales that was published in the draft proposed program (July 2001).

Summary of the Proposed Program

The proposed program schedules a total of 20 OCS lease sales in 8 areas (5 off Alaska and 3 in the Gulf of Mexico). Maps A and B show the areas proposed for leasing, and Table A lists the location and timing of the proposed lease sales.

Alaska Region

In the Alaska Region, the proposed program schedules multiple lease sales in the Beaufort Sea and Cook Inlet Planning Areas, which are the two areas of most interest to the oil and gas industry. Multiple offerings are consistent with the Governor of Alaska's recommendations and the state's administration of its offshore oil and gas program. Portions of these areas that have been excluded from previous OCS programs and sales are excluded as recommended by the Governor. The proposed program makes a technical correction to the Beaufort Sea area that was proposed for leasing in the draft program, removing 23 blocks in the vicinity of Point Barrow that had been recommended for exclusion but were inadvertently included. The Chukchi Sea and Hope Basin Planning Areas are combined for leasing as they have been in previous programs. Two lease sales are proposed to pursue the high resource potential of the Chukchi Sea area in conjunction with potential natural gas resources extending into the adjacent Hope Basin area.

The Norton Basin Planning Area is included on the schedule as a potential source of natural gas for local residents and businesses, and it would be offered under a new approach to OCS leasing. The Norton Basin sale is proposed for 2003, but before the MMS proceeds, it will issue a request for nominations and comments and will move forward only if environmentally acceptable blocks are nominated by industry. If this does not occur, the sale will be postponed and a request for nominations and comments will be issued again the following year (and so on through the 5-year schedule

until the sale is held or the schedule expires).

Gulf of Mexico Region

In the Central and Western Gulf of Mexico Planning Areas, which are the two areas of highest resource potential and interest, the proposed program would continue the long-running policy of scheduling annual areawide lease sales to which the industry has become accustomed. In the Eastern Planning Area, the program proposes two lease sales in a portion of the area that was identified for Sale 181 in the 5-year program for 1997–2002. The portion of that area proposed for leasing in this proposed program consists of 256 blocks in deeper waters adjacent to the Central Gulf Planning Area. Selection of this area reflects the Secretary’s decision in the proposed Notice of Sale for Sale 181 to exclude areas in the original Sale 181 area to address concerns expressed by the State of Florida and to minimize potential conflicts with military operations.

TABLE A.—PROPOSED PROGRAM FOR 2002–2007—LEASE SALE SCHEDULE

Sale No.	Area	Year
184	Western Gulf of Mexico.	2002
185	Central Gulf of Mexico.	2003
186	Beaufort Sea	2003
187	Western Gulf of Mexico.	2003
188	Norton Basin	2003
189	Eastern Gulf of Mexico.	2003
190	Central Gulf of Mexico.	2004
191	Cook Inlet/Shelikof Strait.	2004
192	Western Gulf of Mexico.	2004
193	Chukchi Sea/Hope Basin.	2004
194	Central Gulf of Mexico.	2005
195	Beaufort Sea	2005

TABLE A.—PROPOSED PROGRAM FOR 2002–2007—LEASE SALE SCHEDULE—Continued

Sale No.	Area	Year
196	Western Gulf of Mexico.	2005
197	Eastern Gulf of Mexico.	2005
198	Central Gulf of Mexico.	2006
199	Cook Inlet/Shelikof Strait.	2006
200	Western Gulf of Mexico.	2006
201	Central Gulf of Mexico.	2007
202	Beaufort Sea	2007
203	Chukchi Sea/Hope Basin.	2007

Assurance of Fair Market Value

Section 18 of the OCS Lands Act requires receipt of fair market value for OCS oil and gas leases and the rights they convey. The proposed program carries forward the provisions published in the draft proposed program: setting minimum bid levels by individual lease sale based on market conditions and continuing use of a two-phase bid evaluation process.

Information Requested

We request all interested and affected parties to comment on the size, timing, and location of leasing and the procedures for assuring fair market value that are included in the Proposed 5-Year OCS Oil and Gas Leasing Program for 2002–2007. Respondents who submitted information in response to previous requests for comments on the preparation of this 5-year program may wish to reference that information, as appropriate, rather than repeating it in their comments on the proposed program. We also invite comments and suggestions on how to proceed with the section 18 analysis for the proposed final program.

Section 18(g) authorizes confidential treatment of privileged or proprietary information that is submitted. In order to protect the confidentiality of such information, respondents should include it as an attachment to other comments submitted and mark it appropriately. On request, the MMS will treat such information as confidential from the time of its receipt until 5 years after approval of the new leasing program, subject to the standards of the Freedom of Information Act. MMS will not treat as confidential any aggregate summaries of such information, the names of respondents, and comments not containing such information.

Next Steps in the Process

MMS plans to issue the proposed final program and final EIS in the spring of 2002. Sixty days later, the Secretary may approve the new 5-year program to go into effect as of July 1, 2002.

Public Comment Procedures

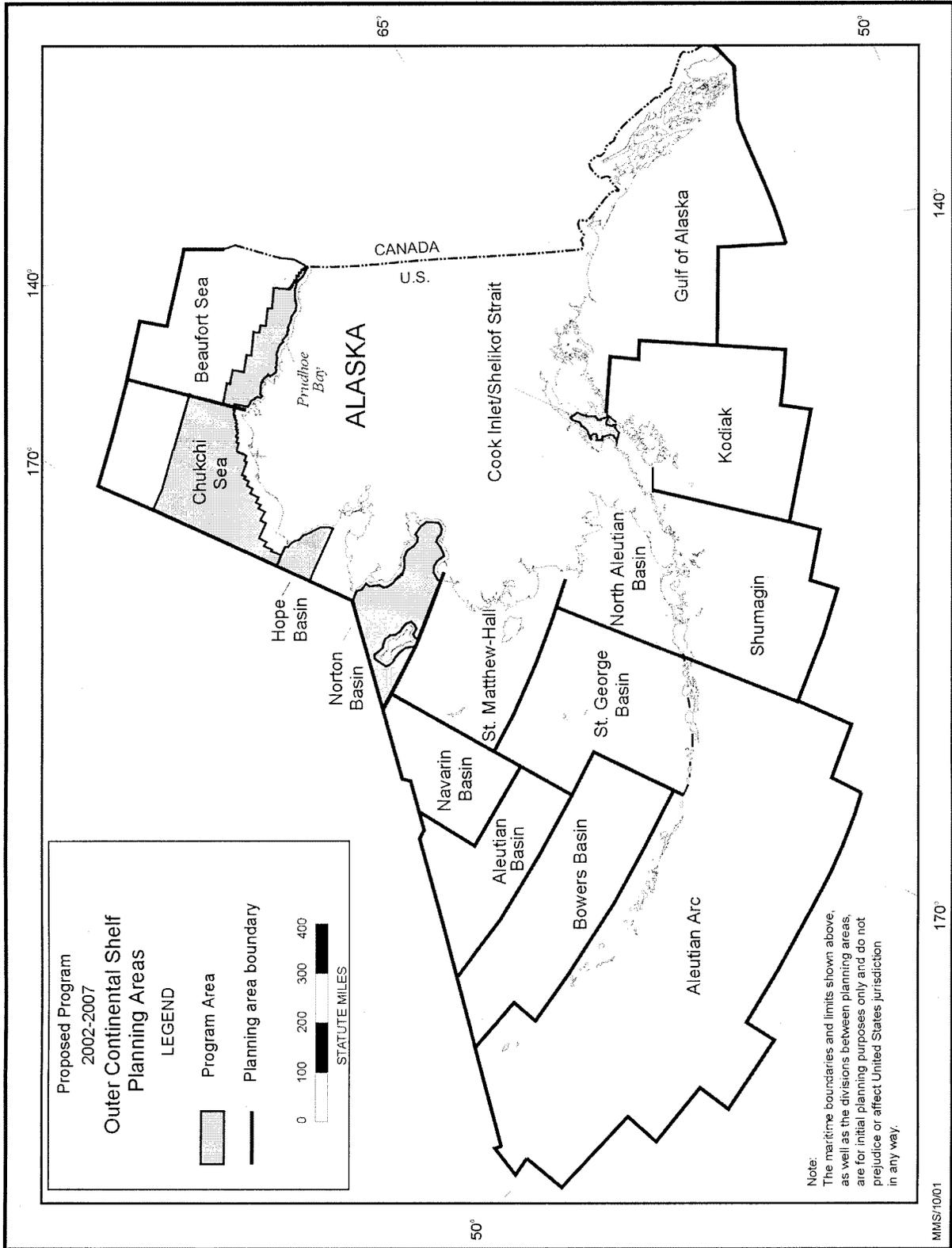
Our practice is to make comments, including the names and home addresses of respondents, available for public review. An individual commenter may ask that we withhold name, home address, or both from the public record, and we will honor such a request to the extent allowable by law. If you submit comments and wish us to withhold such information, you must state so prominently at the beginning of your submission.

We will not consider anonymous comments, and we will make available for inspection in their entirety all comments submitted by organizations and businesses or by individuals identifying themselves as representatives of organizations and businesses.

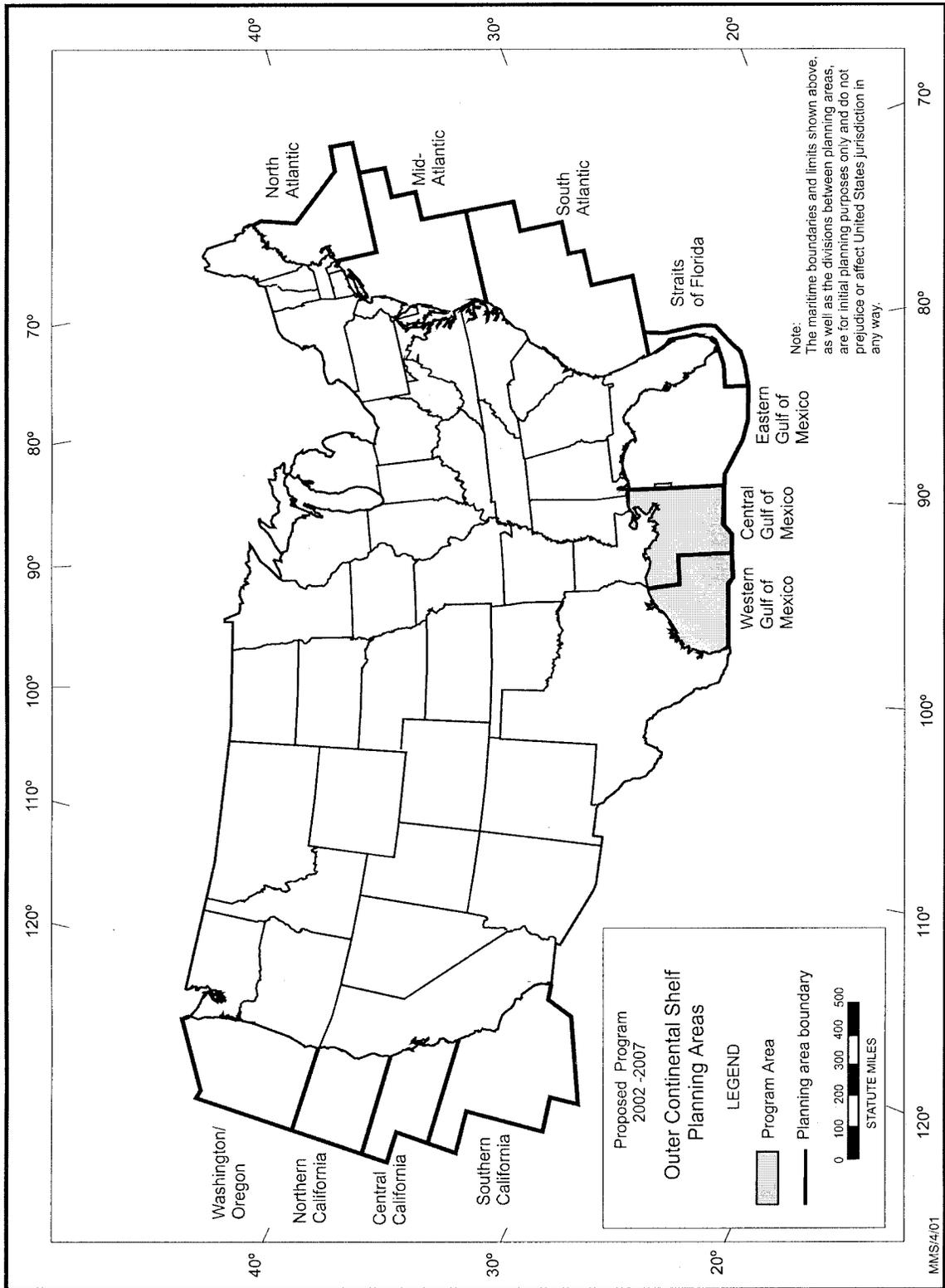
Dated: October 19, 2001.

Thomas R. Kitsos,
Acting Director, Minerals Management Service.

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Map A. Alaska



Map B. Lower 48 States