

## December 2009 Monthly Newsletter Royalty/Term Limit Divisions

The MMS has made many changes and proposed changes during the current 5-year plan (2007-2012) including

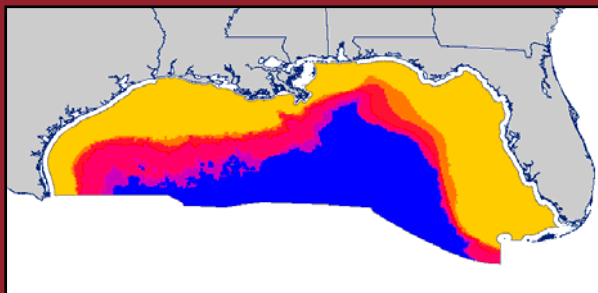
modifications to the planning regions (Western, Central, Eastern) and the transition out of the Royalty in Kind (RIK) Program (<http://www.mrm.mms.gov/RIKweb/default.htm>).

Earth Science Associates continues to monitor these changes to maintain the data presented in GOM<sup>3</sup> as quickly as possible.

With a new year and an upcoming lease sale, another proposal has been put forward by the MMS. Leases of Sale 213 between 400 and 800 meters of water depth would be officially listed with a 5-year initial term, extended to 8 years after the commencement of an exploratory well, a reversal of the current process of 8-year leases being cancelled after 5 years without drilling. A larger change occurs with leases between 800 and 1600 meters of water depth. These leases would now have 7-year initial terms extended to 10 years after commencement of an exploratory well. The MMS has published many responses to this proposed change:

[http://www.gomr.mms.gov/homepg/lseale/213/Lease\\_Term\\_Comments.zip](http://www.gomr.mms.gov/homepg/lseale/213/Lease_Term_Comments.zip)

Because Sale 213 is not yet finalized, GOM<sup>3</sup> will display the Royalty/Term Divisions data based on water depth classes rather than the number of years for initial lease terms. This layer is located under GOM-Cubed → Map Layers → Geopolitical in ArcMap and is divided between line divisions and



polygons for each class (divided by depth as defined by the MMS: < 200m, 200-400m, etc.). The data will require fewer changes as the MMS continues to alter the terms in the future. The royalty rate, of course, is now 18 ¾% for the entire Gulf of Mexico, regardless of depth.

Finally, there are a few other features to point out for Sale 213. GOM<sup>3</sup> contains wells with Indicated Hydrocarbons, located under GOM-Cubed → Map Layers → Wells. These are wells that are not on current leases but have shows or have been on leases that either qualified or were part of fields. The What's New service (under the red exclamation point) contains not only those blocks on the MMS' official list for the sale but also, with the December software release, leases whose status has changed in the last month. The What's New service is updated weekly so that status changes can be tracked throughout the year.

**Earth Science Associates (562) 428-3181**

**Central Lease Sale 213  
Spring 2010**

**GOM<sup>3</sup> Calendar**

**User and Support Conference  
October 2010**