



IN REPLY REFER TO:

# United States Department of the Interior

## OFFICE OF HEARINGS AND APPEALS

Interior Board of Land Appeals

4015 Wilson Boulevard

Arlington, Virginia 22203

FEB - 7 2000

CERTIFIED

IBLA 2000-103

: OCS G 3280; OCS G 9727;

: OCS G 1670; OCS G 3500;

: OCS G 5186

FRONTIER INSURANCE COMPANY;

PETRO-MARINE UNDERWRITERS INC.

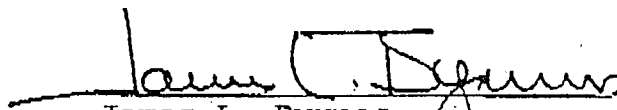
: Oil and Gas Operations

: Appeal Dismissed

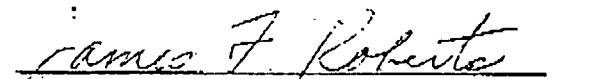
### ORDER

On January 7, 2000, Frontier Insurance Company and Petro-Marine Underwriters, Inc., filed a pleading withdrawing the above-referenced appeal.

Accordingly, pursuant to the authority delegated to the Board of Land Appeals by the Secretary of the Interior, 43 C.F.R. § 4.1, the appeal is dismissed.

  
James L. Byrnes  
Chief Administrative Judge

I concur:

  
James F. Roberts  
Acting Administrative Judge

Debbie  
Armond

### APPEARANCES:

Vicki A. Turko, Esq.  
Chopin, Wagar, Cole, Richard,  
Reboul & Kutcher, LLP  
3850 N. Causeway Boulevard, Suite 900  
Metairie, LA 70002

Dennis Daugherty, Esq.  
Office of the Solicitor  
U.S. Department of the Interior  
1849 C Street, NW, Room 6312  
Washington, DC 20240

In Reply Refer To: MS 5300

October 25, 1999

Via Federal Express

Memorandum

To: Interior Board of Land Appeals, Office of the Secretary,  
Board of Land Appeals, Office of Hearings and Appeals, 4015 Wilson Boulevard,  
Arlington, West Virginia 22203

Through: *JW* Regional Director, Gulf of Mexico OCS Region (MS 5000) *CG*

From: Regional Supervisor, Production and Development, Gulf of Mexico OCS Region

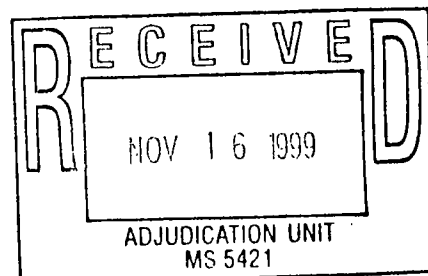
Subject: Notice of Appeal Filed by Frontier Insurance Company and Petro-Marine  
Underwriters, Inc., Dated September 21, 1999, and Received by Minerals  
Management Service on September 21, 1999

In accordance with DOI appeal regulations, we are transmitting the attached Notice of Appeal to your office for processing. Frontier Insurance Company and Petro-Marine Underwriters, Inc. are appealing the denial of a request by Allied Natural Gas Corporation (Chapter 11 Trustee) for an extension of a suspension of production (SOP) for Leases OCS-G 5186 and G 3500, West Cameron Blocks 252 and 253, respectively. They are also appealing the refusal of MMS to unilaterally extend SOP's (no written decision issued by MMS) for the following leases: Leases OCS-G 9727, G 1670, and G 3280; Main Pass Block 291, Main Pass Block 293, and West Cameron Block 405, respectively.

We are working with Mr. Dennis Daugherty in the Office of the Solicitor. If you have any questions for the Region, please call Ms. Cathy Moser at (504) 736-2690. Please acknowledge receipt of the notice and provide us with the docket number; our fax is (504) 736-2647.

J. Michael Melancon

Attachment



cc: Mr. Richard Kukosky  
Frontier Insurance Company  
2636 Elm Hill Pike, Suite 500  
Nashville, Tennessee 37214

Mr. H. Dillon Murchinson  
Petro-Marine Underwriters, Inc.  
225 Baronne Building, Suite 1704  
New Orleans, Louisiana 70112

Mr. Dennis Daugherty  
Office of the Solicitor  
Division of Mineral Resources  
1849 C Street, NW, Room 6312  
Washington, DC 20240

Ms. E. Kathleen Shahan  
Civil Division  
U.S. Department of Justice  
1100 L Street, NW, Room 10026  
Washington, DC 20530

Mr. Randy Williams, Chapter 7 Trustee  
Allied Natural Gas Corporation  
111 Bagby Street, Suite 2200  
Houston, Texas 77002

Mr. John Brannan, Counsel for Chapter 7 Trustee  
Morris & Campbell  
600 Jefferson Street, Suite 800  
Houston, Texas 77002

Mr. Charles Sharmin  
Allied Natural Gas Corporation  
16630 Imperial Valley Drive, Suite 152  
Houston, Texas 77060

Mr. Richard L. Fuqua, II  
Counsel for Allied Natural Gas Corporation (Debtor)  
Fuqua & Keim  
515 Post Oak Boulevard, Suite 850  
Houston, Texas 77027



# United States Department of the Interior

## MINERALS MANAGEMENT SERVICE GULF OF MEXICO OCS REGION

1201 ELMWOOD PARK BOULEVARD  
NEW ORLEANS, LOUISIANA 70123-2394



OCS-G 9727

Offering Date  
03/30/88

Map Area and Block Number  
MPSE - 291

DECISION

Rental  
\$ 13,683.00

Balance of Bonus  
\$ 109,440.00

Name

Phillips Petroleum Company  
Post Office Box 1967  
Houston, Texas 77251-1967

### LEASE FORMS TRANSMITTED FOR EXECUTION

Pursuant to Section 8 of the Outer Continental Shelf Lands Act (67 Stat. 462; 43 U.S.C. 1337) as amended (92 Stat. 629), and the regulations pertaining thereto (30 CFR 256), your bid for the above block is accepted. Accordingly, in order to perfect your rights hereunder, the following actions must be taken:

1. Execute and return the three copies of attached lease. *(If lease is executed by an agent, evidence must be furnished of agent's authorization.)*
2. Pay the balance of bonus and the first year's rental indicated above in accordance with the attached Instructions for Electronic Transfer. Payment must be received by the Federal Reserve Bank of New York no later than noon, eastern standard time, on the 11th business day after receipt of this decision (30 CFR 256.47). That day is **MAY 27 1988**
3. ☐ a. Comply with bonding requirements according to 30 CFR 256, Subpart I.
- ☐ b. Comply with the affirmative action compliance program requirements of 41 CFR Section 60-1.40 within 120 days of the effective date of the lease.

Compliance with requirements 1, 2, and 3a above must be made not later than the 11th business day after receipt of this decision. Failure to comply with above requirements will result in forfeiture of the 1/5 bonus deposit and your rights to acquire the lease.

**IMPORTANT:** *The lease form requires the attachment of the CORPORATE SEAL to all leases executed by corporations.*

Original Signed: J. Rogers Percy

Regional Director  
Date **MAY 11 1988**

Attachments

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
MINERALS MANAGEMENT SERVICE

**OIL AND GAS LEASE OF SUBMERGED LANDS  
UNDER THE OUTER CONTINENTAL SHELF LANDS ACT**

*This form does not constitute an information collection as defined by 44 U.S.C. 3502 and  
therefore does not require approval by the Office of Management and Budget.*

|                                                                  |                                                      |
|------------------------------------------------------------------|------------------------------------------------------|
| Office                                                           | Serial number                                        |
| New Orleans, LA                                                  | OCS-G 9727                                           |
| Cash bonus                                                       | Rental rate per acre, hectare<br>or fraction thereof |
| \$136,800.00                                                     | \$ 3.00 per acre                                     |
| Minimum royalty rate<br>per acre, hectare or<br>fraction thereof | Royalty rate                                         |
| \$ 3.00 per acre                                                 | 16 2/3 percent                                       |
|                                                                  | Profit share rate                                    |

This lease is effective as of **JUN 1 1988** (hereinafter called the "Effective Date") and shall continue for an initial period of **five** 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** Minerals Management Service, its authorized officer, and

**Phillips Petroleum Company**

**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 Stipulation(s) numbered **1 and 4** attached hereto, the Lessee and Lessor agree as follows:

**Sec. 1. Statutes and Regulations.** This lease is issued pursuant to the Outer Continental Shelf Lands Act of August 7, 1953, 67 Stat. 462; 43 U.S.C. 1331 et seq., as amended (92 Stat. 629), (hereinafter called the "Act"). The lease is issued subject to the Act; all regulations issued pursuant to the Act and in existence upon the Effective Date of this lease; all regulations issued pursuant to the statute in the future which provide for the prevention of waste and conservation of the natural resources of the Outer Continental Shelf and the protection of correlative rights therein; and all other applicable statutes and regulations.

**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 lands of the Outer Continental Shelf containing approximately **4560.81** acres or hectares (hereinafter referred to as the "leased area"), described as follows:

**All of Block 291, Main Pass Area, South and East Addition, OCS Leasing Map, Louisiana Map No. 10A.**

**RECEIVED**

**MAY 19 1988**

**Minerals Management Service  
Leasing & Environment**

These rights include:

(a) the nonexclusive right to conduct within the leased area geological and geophysical explorations in accordance with applicable regulations;

(b) the nonexclusive right to drill water wells within the leased area, unless the water is part of geopressured-geothermal and associated resources, and to use the water produced therefrom for operations pursuant to the Act free of cost, on the condition that the drilling is conducted in accordance with procedures approved by the Director of the Minerals Management Service or the Director's delegate (hereinafter called the "Director"); and

(c) the right to construct or erect and to maintain within the leased area artificial islands, installations, and other devices permanently or temporarily attached to the seabed and other works and structures necessary to the full enjoyment of the lease, subject to compliance with applicable laws and regulations.

**Sec. 3. Term.** This lease shall continue from the Effective Date of the lease for the Initial Period and so long thereafter as oil or gas is produced from the leased area in paying quantities, or drilling or well reworking operations, as approved by the Lessor, are conducted thereon, or as otherwise provided by regulation.

**Sec. 4. Rentals.** The Lessee shall pay the Lessor, on or before the first day of each lease year which commences prior to a discovery in paying quantities of oil or gas on the leased area, a rental as shown on the face hereof.

**Sec. 5. Minimum Royalty.** The Lessee shall pay the Lessor, at the expiration of each lease year which commences after a discovery of oil and gas in paying quantities, a minimum royalty as shown on the face hereof or, if there is production, the difference between the actual royalty required to be paid with respect to such lease year and the prescribed minimum royalty if the actual royalty paid is less than the minimum royalty.

**Sec. 6. Royalty on Production.**

(a) The Lessee shall pay a fixed royalty as shown on the face hereof in amount or value of production saved, removed, or sold from the leased area. Gas (except helium) and oil of all kinds are subject to royalty. Any Lessee is liable for royalty payments on oil or gas lost or wasted from a lease site when such loss or waste is due to negligence on the part of the operator of the lease, or due to the failure to comply with any rule or regulation, order, or citation issued under the Federal Oil and Gas Royalty Management Act of 1982 or the Act. The Lessor shall determine whether production royalty shall be paid in amount or value.

(b) The value of production for purposes of computing royalty on production from this lease shall never be less than the fair market value of the production. The value of production shall be the estimated reasonable value of the production as determined by the Lessor, due consideration being given to the highest price paid for a part or for a majority of production of like quality in the same field or area, to the price received by the Lessee, to posted prices, to regulated prices, and to other relevant matters. Except when the Lessor, in its discretion, determines not to consider special pricing relief from otherwise applicable Federal regulatory requirements, the value of production for the purposes of computing royalty shall not be deemed to be less than the gross proceeds accruing to the Lessee from the sale thereof. In the absence of good reason to the contrary, value

computed on the basis of the highest price paid or offered at the time of production in a fair and open market for the major portion of like-quality products produced and sold from the field or area where the leased area is situated will be considered to be a reasonable value.

(c) When paid in value, royalties on production shall be due and payable monthly on the last day of the month next following the month in which the production is obtained, unless the Lessor designates a later time. When paid in amount, such royalties shall be delivered at pipeline connections or in tanks provided by the Lessee. Such deliveries shall be made at reasonable times and intervals and, at the Lessor's option, shall be effected either (i) on or immediately adjacent to the leased area, without cost to the Lessor, or (ii) at a more convenient point closer to shore or on shore, in which event the Lessee shall be entitled to reimbursement for the reasonable cost of transporting the royalty substance to such delivery point.

**Sec. 7. Payments.** The Lessee shall make all payments (rentals, royalties and any other payments required by this lease) to the Lessor by electronic transfer of funds, check, draft on a solvent bank, or money order unless otherwise provided by regulations or by direction of the Lessor. Rentals, royalties, and any other payments required by this lease shall be made payable to the Minerals Management Service and tendered to the Director. Determinations made by the Lessor as to the amount of payment due shall be presumed to be correct and paid as due.

**Sec. 8. Bonds.** The Lessee shall maintain at all times the bond(s) required by regulation prior to the issuance of the lease and shall furnish such additional security as may be required by the Lessor if, after operations have begun, the Lessor deems such additional security to be necessary.

**Sec. 9. Plans.** The Lessee shall conduct all operations on the leased area in accordance with approved exploration plans and approved development and production plans as are required by regulations. The Lessee may depart from an approved plan only as provided by applicable regulations.

**Sec. 10. Performance.** The Lessee shall comply with all regulations and Orders. After due notice in writing, the Lessee shall drill such wells and produce at such rates as the Lessor may require in order that the leased area or any part thereof may be properly and timely developed and produced in accordance with sound operating principles.

**Sec. 11. Directional Drilling.** A directional well drilled under the leased area from a surface location on nearby land not covered by this lease shall be deemed to have the same effect for all purposes of the lease as a well drilled from a surface location on the leased area. In those circumstances, drilling shall be considered to have been commenced on the leased area when drilling is commenced on the nearby land for the purpose of directionally drilling under the leased area, and production of oil or gas from the leased area through any directional well surfaced on nearby land or drilling or reworking of any such directional well shall be considered production or drilling or reworking operations on the leased area for all purposes of the lease. Nothing contained in this Section shall be construed as granting to the Lessee any interest, license, easement, or other right in any nearby land.

**Sec. 12. Safety Requirements.** The Lessee shall:

(a) maintain all places of employment within the leased area in compliance with occupational safety and health standards and, in addition, free from recognized hazards to employees of the Lessee or of any contractor or subcontractor operating within the lease area;

(b) maintain all operations within the leased area in compliance with regulations or orders intended to protect persons, property, and the environment on the Outer Continental Shelf; and

(c) allow prompt access, at the site of any operation subject to safety regulations, to any authorized Federal inspector and shall provide any documents and records which are pertinent to occupational or public health, safety, or environmental protection as may be requested.

**Sec. 13. Suspension and Cancellation.**

(a) The Lessor may suspend or cancel this lease pursuant to section 5 of the Act, and compensation shall be paid when provided by the Act.

(b) The Lessor may, upon recommendation of the Secretary of Defense, during a state of war or national emergency declared by Congress or the President of the United States, suspend operations under the lease, as provided in section 12(c) of the Act, and just compensation shall be paid to the Lessee for such suspension.

**Sec. 14. Indemnification.** The Lessee shall indemnify the Lessor for, and hold it harmless from, any claim, including claims for loss or damage to property or injury to persons caused by or resulting from any operation on the leased area conducted by or on behalf of the Lessee. However, the Lessee shall not be held responsible to the Lessor under this section for any loss, damage, or injury caused by or resulting from:

(a) negligence of the Lessor other than the commission or omission of a discretionary function or duty on the part of a Federal Agency whether or not the discretion involved is abused; or

(b) the Lessee's compliance with an order or directive of the Lessor against which an administrative appeal by the Lessee is filed before the cause of action for the claim arises and is pursued diligently thereafter.

**Sec. 15. Disposition of Production.**

(a) As provided in section 27(a)(2) of the Act, the Lessor shall have the right to purchase not more than 16 2/3 percent by volume of the oil and gas produced pursuant to the lease at the regulated price or, if no regulated price applies, at the fair market value at the wellhead of the oil and gas saved, removed, or sold, except that any oil or gas obtained by the Lessor as royalty or net profit share shall be credited against the amount that may be purchased under this subsection.

(b) Pursuant to section 27(b) and (c) of the Act, the Lessor may offer and sell certain oil and gas obtained or purchased pursuant to a lease. As provided in section 27(d) of the Act, the Lessee shall take any Federal oil or gas for which no acceptable bids are received, as determined by the Lessor, and which is not transferred to a Federal Agency pursuant to section 27(a)(3) of the Act, and shall pay to the Lessor a cash amount equal to the regulated price or, if no regulated price applies, the fair market value of the oil or gas so obtained.

(c) As provided in section 8(b)(7) of the Act, the Lessee shall offer 20 percent of the crude oil, condensate, and natural gas liquids produced on the lease, at the market value and point of delivery as provided by regulations applicable to Federal royalty oil, to small or independent refiners as defined in the Emergency Petroleum Allocation Act of 1973.

(d) In time of war or when the president of the United States shall so prescribe, the Lessor shall have the right of first refusal to purchase at the market price all or any portion of the oil or gas produced from the leased area, as provided in section 12(b) of the Act.

**Sec. 16. Unitization, Pooling, and Drilling Agreements.** Within such time as the Lessor may prescribe, the Lessee shall subscribe to and operate under a unit, pooling, or drilling agreement embracing all or part of the lands subject to this lease as the Lessor may determine to be appropriate or necessary. Where any provision of a unit, pooling, or drilling agreement, approved by the Lessor, is inconsistent with a provision of this lease, the provision of the agreement shall govern.

**Sec. 17. Equal Opportunity Clause.** During the performance of this lease, the Lessee shall fully comply with paragraphs (1) through (7) of section 202 of Executive Order 11246, as amended (reprinted in 41 CFR 60-1.4(a)), and the implementing regulations which are for the purpose of preventing employment discrimination against persons on the basis of race, color, religion, sex, or national origin. Paragraphs (1) through (7) of section 202 of Executive Order 11246, as amended, are incorporated in this lease by reference.

**Sec. 18. Certification of Nonsegregated Facilities.** By entering into this lease, the Lessee certifies, as specified in 41 CFR 60-1.8, that it does not and will not maintain or provide for its employees any segregated facilities at any of its establishments and that it does not and will not permit its employees to perform their services at any location under its control where segregated facilities are maintained. As used in this certification, the term "segregated facilities" means, but is not limited to, any waiting rooms, work areas, restrooms and washrooms, restaurants and other eating areas, timeclocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, color, religion, or national origin, because of habit, local custom, or otherwise. The Lessee further agrees that it will obtain identical certifications from proposed contractors and subcontractors prior to award of contracts or subcontracts unless they are exempt under 41 CFR 60-1.5.

**Sec. 19. Reservations to Lessor.** All rights in the leased area not expressly granted to the Lessee by the Act, the regulations, or this lease are hereby reserved to the Lessor. Without limiting the generality of the foregoing, reserved rights included:

(a) the right to authorize geological and geophysical exploration in the lease area which does not unreasonably interfere with or endanger actual operations under the lease, and the right to grant such easements or rights-of-way upon, through, or in the leased area as may be necessary or appropriate to the working of other lands or to the treatment and shipment of products thereof by or under authority of the Lessor;

(b) the right to grant leases for any minerals other than oil and gas within the leased area, except that operations under such leases shall not unreasonably interfere with or endanger operations under this lease;

(c) the right, as provided in section 12(d) of the Act, to restrict operations in the leased area or any part thereof which may be designated by the Secretary of Defense, with approval of the President, as being within an area needed for national defense and, so long as such designation remains in effect, no operations may be conducted on the surface of the leased area or the part thereof included within the designation except with the concurrence of the Secretary of Defense. If operations or production under this lease within any designated area are suspended pursuant to this paragraph, any payments of rentals and royalty prescribed by this lease likewise shall be suspended during such period of suspension of operations and production, the term of this lease shall be extended by adding thereto any such suspension period, and the Lessor shall be liable to the Lessee for such compensation as is required to be paid under the Constitution of the United States.

**Sec. 20. Transfer of Lease.** The Lessee shall file for approval with the appropriate field office of the Minerals Management Service any instrument of assignment or other transfer of this lease, or any interest therein, in accordance with applicable regulations.

**Sec. 21. Surrender of Lease.** The Lessee may surrender this entire lease or any officially designated subdivision of the leased area by filing with the appropriate field office of the Minerals Management Service a written relinquishment, in triplicate, which shall be effective as of the date of filing. No surrender of this lease or of any portion of the leased area shall relieve the Lessee or its surety of the obligation to pay all accrued rentals, royalties, and other financial obligations or to abandon all wells on the area to be surrendered in a manner satisfactory to the Director.

(Continued on reverse)

**Sec. 22. Removal of Property on Termination of Lease.** Within a period of 1 year after termination of this lease in whole or in part, the Lessee shall remove all devices, works, and structures from the premises no longer subject to the lease in accordance with applicable regulations and Orders of the Director. However, the Lessee may, with the approval of the Director, continue to maintain devices, works, and structures on the leased area for drilling or producing on other leases.

**Sec. 23. Remedies in Case of Default.**

(a) Whenever the Lessee fails to comply with any of the provisions of the Act, the regulations issued pursuant to the Act, or the terms of this lease, the lease shall be subject to cancellation in accordance with the provisions of section 5(c) and (d) of the Act and the Lessor may exercise any other remedies which the Lessor may have, including the penalty provisions of section 24 of the Act. Furthermore, pursuant to section 8(o) of the Act, the Lessor may cancel the lease if it is obtained by fraud or misrepresentation.

(b) Nonenforcement by the Lessor of a remedy for any particular violation of the provisions of the Act, the regulations issued pursuant to the Act, or the terms of this lease shall not prevent the cancellation of this lease or the exercise of any other remedies under paragraph (a) of this section for any other violation or for the same violation occurring at any other time.

**Sec. 24. Unlawful Interest.** No member of, or Delegate to, Congress, or Resident Commissioner, after election or appointment, or either before or after they have qualified and during their continuance in office, and no officer, agent, or employee of the Department of the Interior, except as provided in 43 CFR Part 20, shall be admitted to any share or part in this lease or derive any benefit that may arise therefrom. The provisions of Section 3741 of the Revised Statutes, as amended, 41 U.S.C. 22, and the Act of June 25, 1948, 62 Stat. 702, as amended, 18 U.S.C. 431-433, relating to contracts made or entered into, or accepted by or on behalf of the United States, form a part of this lease insofar as they may be applicable.

PHILLIPS PETROLEUM COMPANY

(Lessee)



(Signature of Authorized Officer)

J. P. Gregory

(Name of Signatory)

Attorney-In-Fact

(Title)

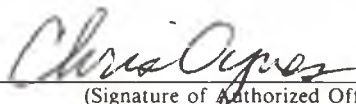
May 18, 1988

(Date)

Post Office Box 1967  
Houston, Texas 77251-1967

(Address of Lessee)

THE UNITED STATES OF AMERICA, Lessor



(Signature of Authorized Officer)

Chris Oynes

(Name of Signatory)

Acting Regional Director  
Gulf of Mexico OCS Region  
Minerals Management Service

(Title)

MAY 26 1988

(Date)

*If this lease is executed by a corporation, it must bear the corporate seal.*



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
MINERALS MANAGEMENT SERVICE

Outer Continental Shelf, Central Gulf of Mexico  
Oil and Gas Lease Sale 113

OCS-G 9727

Stipulation No. 1-- Protection of Archaeological Resources

(a) "Archaeological resource" means any prehistoric or historic district, site, building, structure, or object (including shipwrecks); such term includes artifacts, records, and remains which are related to such a district, site, building, structure, or object (Section 301(5), National Historic Preservation Act, as amended, 16 U.S.C. 470w(5).) "Operations" means any drilling, mining, or construction or placement of any structure for exploration, development, or production of the lease.

(b) If the Regional Director (RD) believes an archaeological resource may exist in the lease area, the RD will notify the lessee in writing. The lessee shall then comply with subparagraphs (1) through (3).

(1) Prior to commencing any operations, the lessee shall prepare a report, as specified by the RD, to determine the potential existence of any archaeological resource that may be affected by operations. The report, prepared by an archaeologist and geophysicist, shall be based on an assessment of data from remote sensing surveys and of other pertinent archaeological and environmental information. The lessee shall submit this report to the RD for review.

(2) If the evidence suggests that an archaeological resource may be present, the lessee shall either:

(i) Locate the site of any operation so as not to adversely affect the area where the archaeological resource may be; or

(ii) Establish to the satisfaction of the RD that an archaeological resource does not exist or will not be adversely affected by operations. This shall be done by further archaeological investigation, conducted by an archaeologist and a geophysicist, using survey equipment and techniques deemed necessary by the RD. A report on the investigation shall be submitted to the RD for review.

(3) If the RD determines that an archaeological resource is likely to be present in the lease area and may be adversely affected by operations, he will notify the lessee immediately. The lessee shall take no action that may adversely affect the archaeological resource until the RD has told the lessee how to protect it.

(c) If the lessee discovers any archaeological resource while conducting operations on the lease area, the lessee shall report the discovery immediately to the RD. The lessee shall make every reasonable effort to preserve the archaeological resource until the RD has told the lessee how to protect it.

#### Stipulation No. 4-- Military Areas

##### Warning Area: Eglin Water Test Areas 1 and 3

###### (a) Hold Harmless

Whether compensation for such damage or injury might be due under a theory of strict or absolute liability or otherwise, the lessee assumes all risks of damage or injury to persons or property, which occur in, on, or above the Outer Continental Shelf (OCS), to any persons or to any property of any person or persons who are agents, employees, or invitees of the lessee, his agents, independent contractors, or subcontractors doing business with the lessee in connection with any activities being performed by the lessee in, on, or above the OCS, if such injury or damage to such person or property occurs by reason of the activities of any agency of the United States government, its contractors or subcontractors, or any of their officers, agents or employees, being conducted as a part of, or in connection with, the programs and activities of the Commander, Armament Division, Attention: Howard Dimmig/CCN, Eglin AFB, Florida 32542, telephone (904) 882-5558.

Notwithstanding any limitation of the lessee's liability in Section 14 of the lease, the lessee assumes this risk whether such injury or damage is caused in whole or in part by any act or omission, regardless of negligence or fault, of the United States, its contractors or subcontractors, or any of its officers, agents, or employees. The lessee further agrees to indemnify and save harmless the United States against all claims for loss, damage, or injury sustained by the lessee, and to indemnify and save harmless the United States against all claims for loss, damage, or injury sustained by the agents, employees, or invitees of the lessee, its agents, or any independent contractors or subcontractors doing business with the lessee in connection with the programs and activities of the aforementioned military installation, whether the same be caused in whole or in part by the negligence or fault of the United States, its contractors, or subcontractors, or any of its officers, agents, or employees and whether such claims might be sustained under a theory of strict or absolute liability or otherwise.

###### (b) Electromagnetic Emissions

The lessee agrees to control his own electromagnetic emissions and those of his agents, employees, invitees, independent contractors or subcontractors emanating from individual designated defense warning areas in accordance with requirements specified by the commander of the command headquarters listed above to the degree necessary to prevent damage to, or unacceptable interference with, Department of Defense flight, testing or operational activities, conducted within individual designated warning areas. Necessary monitoring control, and coordination with the lessee, his agents, employees, invitees, independent contractors or subcontractors, will be affected by the commander of the appropriate onshore military installation conducting operations in the particular warning area; provided, however, that control of such electromagnetic emissions shall in no instance prohibit all manner of electromagnetic communication during any period of time between a lessee, his agents, employees, invitees, independent contractors, or subcontractors and onshore facilities.

###### (c) Operational

The lessee, when operating or causing to be operated on his behalf, boat or aircraft traffic into the individual designated warning areas shall enter into an agreement with the commander of the individual command headquarters listed above, upon utilizing an individual designated warning area prior to commencing such traffic. Such an agreement will provide for positive control of boats and aircraft operating in the warning areas at all times.



# PHILLIPS PETROLEUM COMPANY

HOUSTON, TEXAS 77251-1967  
BOX 1967

EXPLORATION AND PRODUCTION GROUP

BELLAIRE, TEXAS  
6330 WEST LOOP SOUTH  
PHILLIPS BUILDING

May 18, 1988

## FEDERAL EXPRESS

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

Attention: LE-3-1

Re: OCS-G 9727  
Oil and Gas Lease  
Block 291  
Main Pass Area, S. & E. Addition  
Central Gulf of Mexico  

---

Phillips No. P-307377

Gentlemen:

Enclosed herewith are three (3) copies of the subject lease, executed on behalf of Phillips Petroleum Company.

It is our intent to have the balance of bonus and first year rental paid by EFT on Thursday, May 26, 1988.

Please accept our appreciation for your assistance and consideration.

Very truly yours,

PHILLIPS PETROLEUM COMPANY

J. P. Gregory,  
Director, Land,  
Gulf Coast Area

GTY/JPG:sd

Enclosure

cc: J. L. Mathis  
C. B. Rasp - Bartlesville

**RECEIVED**

**MAY 19 1988**

**Minerals Management Service  
Leasing & Environment**

7000.dt.09.sd



United States Department of the Interior

MINERALS MANAGEMENT SERVICE  
GULF OF MEXICO OCS REGION

1201 ELMWOOD PARK BOULEVARD  
NEW ORLEANS, LOUISIANA 70123-2394



Minerals Management Service  
Leasing & Environment

May 11, 1988

(Date)

MAY 13 1988

RECEIVED

I have received the following OCS lease for execution. The lease must be returned and in this office not later than the time and date identified in the transmittal for execution.

OCS-G No.

9727

Area/Block

MPSE 291

RECEIVED

MAY 13 1988

Minerals Management Service  
Leasing & Environment

Please sign and date [the date being ACTUAL date of RECEIPT of lease] and return the original copy of this letter for our records.

J. R. Hugon  
(Signature)

Phillips Petroleum Company  
(Company)

5/12/88  
(Date)

9727

UNITED STATES DEPARTMENT OF THE INTERIOR  
MINERALS MANAGEMENT SERVICE  
GULF OF MEXICO REGION, LEASING ADJUDICATION

NON-REQUIRED DOCUMENT  
Filing Fee Receipt

Page 1  
Monday 21 November 1994

Walter Oil & Gas Corporation  
1021 Main Street  
Suite 2200  
Houston, TX 77002-6605

Receipt Total: \$25.00

Document Type: Overriding Royalty, Production Payment, Net Profit

Subject: Conveyance of Overriding Royalty Interest

| OCS Filing<br>Number | Leases<br>Affected | Document<br>Filing Fee | Lease Number |
|----------------------|--------------------|------------------------|--------------|
| G09727               | 1                  | \$25.00                | G09727       |

9727

UNITED STATES DEPARTMENT OF THE INTERIOR  
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Page 1  
Monday 21 November 1994

Walter Oil & Gas Corporation  
1021 Main Street  
Suite 2200  
Houston, TX 77002-6605

Receipt Total: \$25.00

Document Type: Overriding Royalty, Production Payment, Net Profit

Subject: Assignment of Overriding Royalty Interest

| OCS Filing<br>Number | Leases<br>Affected | Document<br>Filing Fee | Lease Number |
|----------------------|--------------------|------------------------|--------------|
| G09727               | 1                  | \$25.00                | G09727       |



9727

UNITED STATES DEPARTMENT OF THE INTERIOR  
MINERALS MANAGEMENT SERVICE  
GULF OF MEXICO REGION, LEASING ADJUDICATION

NON-REQUIRED DOCUMENT  
Filing Fee Receipt

Page 1  
Monday 7 November 1994

Butler & Binion  
1600 First Interstate Bank Plaza  
Houston, Texas 77002

**Receipt Total:** \$75.00

**Document Type:** Release of Mortgages and Liens

**Subject:** Act of Partial Release

| OCS Filing<br>Number | Leases<br>Affected | Document<br>Filing Fee | Lease Number              |
|----------------------|--------------------|------------------------|---------------------------|
| 00589                | 3                  | \$75.00                | 00589<br>G09727<br>G10678 |

**UNITED STATES**  
**DEPARTMENT OF THE INTERIOR**  
**MINERALS MANAGEMENT SERVICE**

**RECEIPT**

**DATE:** March 11, 1993

**SERIAL NUMBER:** OCS 0589, OCS-G 6180, 8655, 9008, 9086, 10245, 11225, 11309  
11321, 11365, 12396, 12465, 12817, 12862, 13561, 2081, 7236,  
8656, 9032, 9543, 10678, 11234, 11315, 11362, 11815, 12399,  
12468, 12820, 12966, 13576, 5395, 7608, 8962, 9040, 9727,  
11214, 11241, 11320, 11363, 11940, 12456, 12469, 12821,  
13335, 13801

**SUBJECT:** Collateral Assignment and Transfer of Notes and Liens

**APPLICANT:**

**REMITTER IF DIFFERENT:**

Hutcheson & Grundy, L.L.P.  
Citicorp Center  
1200 Smith Street, Suite 3300  
Houston, Texas 77002-4579

**FILING FEE EARNED:**

**\$1,125.00**

**FUND SYMBOL:**

**140850**

Check No. 048700, dated 3/9/93, Bank One, Houston, Texas

**UNITED STATES**  
**DEPARTMENT OF THE INTERIOR**  
**MINERALS MANAGEMENT SERVICE**

**RECEIPT**

**DATE:** February 19, 1993

**SERIAL NUMBER:** OCS 0589, OCS-G 2081, 9727, 10678, 11815, 11940, 12817, 12820,  
12821, 12862, 12966, 13561, 13576

**SUBJECT:** Act of Collateral Mortgage, Security Agreement, Financing Statement,  
Pledge and Assignment of Production

**APPLICANT:**

**REMITTER IF DIFFERENT:**

Butler & Binion  
1000 Louisiana, Suite 1600  
Houston, Texas 77002-5093

**FILING FEE EARNED:**  
**FUND SYMBOL:**  
140850

**\$325.00**

Check No. 199656, dated 2/12/93, First Interstate Bank of Texas, N.A., Houston, Texas

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
MINERALS MANAGEMENT SERVICE

March 30, 1988

DATE

OCS-G 9727

PARENT SERIAL NUMBER

Block 291, Main Pass Area, South and East Addition

SUBJECT

APPLICANT:

REMITTER IF DIFFERENT THAN APPLICANT:

Phillips Petroleum Company  
Post Office Box 1967  
Houston, Texas 77251-1967

| PURPOSE                          | FUND SYMBOL  | AMOUNT      |  |
|----------------------------------|--------------|-------------|--|
| FILING FEE EARNED                | 140850 (17)  |             |  |
| ADVANCE FILING FEE AND/OR RENTAL | 14X6800 (17) |             |  |
| ONE-FIFTH BONUS                  | 14X6875 (17) | \$27,360.00 |  |
| FIRST YEAR'S RENTAL              |              |             |  |
| FOUR-FIFTHS BONUS                |              |             |  |
|                                  |              |             |  |
| TOTAL                            |              | \$27,360.00 |  |

Ck. No. PL 001564, The Chase Manhattan Bank, New York, New York

REMARKS

BY

DATE

DO NOT ACCEPT THIS COPY AS A RECEIPT

CASE FOLDER COPY

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

Outer Continental Shelf  
Central Gulf of Mexico;  
Oil and Gas Lease Sale 113

OIL AND GAS BID

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

OUTER CONTINENTAL SHELF  
LEASING MAP NO.

AREA NAME

BLOCK NUMBER

Louisiana Map No. 10A

Main Pass Area,  
South & East Addition

291

TOTAL AMOUNT  
BID

AMOUNT PER ACRE

AMOUNT OF CASH BONUS  
SUBMITTED WITH BID

\$ 136,800.00

\$ 29.99 +

\$ 27,360.00

BIDDER  
QUALIFICATION NO.

PROPORTIONATE  
INTEREST OF  
COMPANY(S)  
SUBMITTING BID

NAME AND ADDRESS  
OF BIDDING COMPANY

N. O. Misc. #056

100.00%

Phillips Petroleum Company  
Post Office Box 1967  
Houston, Texas 77251-1967

By:

S. M. Park  
Attorney-In-Fact

Check List for High Bids and BiddersBonus Bid \$136,800.00Cash with Bid \$27,360.001/5th of Bonus Bid \$27,360.00

1. Does remittance total equal 1/5th bonus? Yes / x / No / /
  - a. Balance of Bonus (4/5ths of Total Bid) \$109,440.00
  - b. Is remittance on proper form (cash, cashier's or certified check, or bank draft)? A sight draft is not acceptable. Yes / / No / /
  - c. Does bid equal or exceed the per acre/hectare minimum bid? Yes / x / No / /
2. Is bidder qualified? Yes / / No / /
  - a. If individual, a citizenship statement must accompany each bid.
  - b. If partnership or association, bid shall be accompanied by a certified statement indicating the State in which it is registered and that it is authorized to hold mineral leases on the OCS or appropriate reference to the records of the MMS in which such a copy has already been filed.
  - c. If corporation, bid shall be accompanied by a statement certified by the corporate secretary or assistant secretary over the corporate seal showing the State in which it was incorporated and that it is authorized to hold mineral leases on the OCS or appropriate reference to the records of the MMS in which such a copy has already been filed.
3. Is person signing bid properly authorized? Yes / / No / /
  - a. If citizen, the citizenship statement suffices.
  - b. If partnership or association and no reference is made to a previous MMS record where authority is filed, examine accompanying documents to determine authority to bind the partnership or association.
  - c. If corporation and no reference is made to an MMS record where such authority is filed, there must be either a certified copy of a resolution of the board of directors authorizing the signing person to bind the corporation, or a certified copy of power of attorney, or a certified statement by the secretary or assistant secretary of the corporation over the corporate seal indicating that the person signing has proper authority.
4. Does Form MMS-2032 (June 1985) and Form MMS-2033 (June 1985) accompany each bid, or is there reference in bid to MMS record where they were previously filed for this sale? Yes / / No / /
5. If joint bid, are bidders qualified for joint bidding? Yes / / No / /
6. Is bidder covered by a blanket OCS bond? Yes / / No / /

Check List for High Bids and Bidders

Bonus Bid \_\_\_\_\_

Cash with Bid \_\_\_\_\_

1/5th of Bonus Bid \_\_\_\_\_

1. Does remittance total equal 1/5th bonus? Yes ☐ No ☐
  - a. Balance of Bonus (4/5ths of Total Bid) \_\_\_\_\_
  - b. Is remittance on proper form (cash, cashier's or certified check, or bank draft)? A sight draft is not acceptable. Yes ☐ No ☐
  - c. Does bid equal or exceed the per acre/hectare minimum bid? Yes ☐ No ☐
2. Is bidder qualified? Yes ☒ No ☐
  - a. If individual, a citizenship statement must accompany each bid.
  - b. If partnership or association, bid shall be accompanied by a certified statement indicating the State in which it is registered and that it is authorized to hold mineral leases on the OCS or appropriate reference to the records of the MMS in which such a copy has already been filed.
  - c. If corporation, bid shall be accompanied by a statement certified by the corporate secretary or assistant secretary over the corporate seal showing the State in which it was incorporated and that it is authorized to hold mineral leases on the OCS or appropriate reference to the records of the MMS in which such a copy has already been filed.
3. Is person signing bid properly authorized? Yes ☒ No ☐
  - a. If citizen, the citizenship statement suffices.
  - b. If partnership or association and no reference is made to a previous MMS record where authority is filed, examine accompanying documents to determine authority to bind the partnership or association.
  - c. If corporation and no reference is made to an MMS record where such authority is filed, there must be either a certified copy of a resolution of the board of directors authorizing the signing person to bind the corporation, or a certified copy of power of attorney, or a certified statement by the secretary or assistant secretary of the corporation over the corporate seal indicating that the person signing has proper authority.
4. Does Form MMS-2032 (June 1985) and Form MMS-2033 (June 1985) accompany each bid, or is there reference in bid to MMS record where they were previously filed for this sale? Yes ☒ No ☐
5. Is bidder covered by a blanket OCS bond? If not, list below and place a blue flyer in OCS folder. Clerk-typists will know that the action in that case shall include appropriate bond requirement language. Yes ☒ No ☐
6. If joint bid, are bidders qualified for joint bidding? Yes ☐ No ☐