OCS-G 8327

<table>
<thead>
<tr>
<th>Offering Date</th>
<th>Map Area and Block Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>12/18/85</td>
<td>DES - 64</td>
</tr>
</tbody>
</table>

DECISION

Rental $17,280
Balance of Bonus $692,000.00

Name
Shell Offshore Inc.
Post Office Box 61933
New Orleans, Louisiana 70161

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 action 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 Funds 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 FEB 13 1987.

3. Comply with bonding requirements according to 30 CFR 256, Subpart I.

4. 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 3 above must be made not later than the 11th business day after receipt of this decision. Failure to comply 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 Pearcy
Regional Director
Date JAN 28 1987
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 5 U.S.C. 2001 and therefore does not require approval by the Office of Management and Budget.

<table>
<thead>
<tr>
<th>Office</th>
<th>Serial number</th>
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<tbody>
<tr>
<td>Metairie, LA</td>
<td>OCS-G 8327</td>
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<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
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<tr>
<td>Cash bonus</td>
<td>$865,000.00</td>
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<tr>
<td>Rental rate per acre, hectare or fraction thereof</td>
<td>$3.00 per acre</td>
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<tr>
<td>Minimum royalty rate per acre, hectare or fraction thereof</td>
<td>$3.00 per acre</td>
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<tr>
<td>Royalty rate</td>
<td>16 2/3 percent</td>
</tr>
</tbody>
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This lease is effective as of March 1, 1987 (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, and Shell Offshore Inc. (hereinafter called the “Lessee”). In consideration of any cash payment hereof made by the Lessee to the Lessor and in consideration of the promises, terms, conditions, and covenants contained herein, including the stipulations numbered 1, 2, 3, 4, and 5 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. 829), hereinafter called the “Act”). The lease is issued subject to the Act, all regulations issued pursuant to the statute 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 the 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 5760 acres or hectares (hereinafter referred to as the “leased area”), described as follows:

All of Block 64, Destin Dome, OCS Official Protraction Diagram, NH 16-8.
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 geopressed-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.

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, or royalty due from the production of a minimum royalty, as shown or the face hereof; or, if there is no 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 of all kinds except helium, subject to royalty. 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 other 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. The Lessee shall not be required to provide storage for royalty paid in amount in excess of tankage required when royalty is paid in value. When royalties are paid in amount, the Lessee shall not be held liable for the loss or destruction of royalty oil or other liquid products in storage from causes over which the Lessee has no control.

Sec. 7. Payments. The Lessee shall make all payments to the Lessor by check, bank draft, 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.

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 relating to exploration, development, and production. After due notice in writing, the Lessee shall drill such wells and produce at 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 the 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. 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, 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 include:

(a) the right to authorize geological and geophysical exploration in the leased 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 correct 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 written consent of the Secretary of Defense. If operations or production under the lease within any designated area are suspended pursuant to this paragraph, any payments of rentals and royalty prescribed by this lease like as shall be suspended during such period of suspension of operations and production, and the term of this lease shall be extended by adding thereto any such suspension period, and the Lessee shall be liable to the Lessor 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.

Sec. 22. Removal of Property on Termination of Lease. Within a period of one 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 Lessee may exercise any other remedies which the Lessor may have, including the penalty provisions of Section 24 of the Act. Furthermore, pursuant to Section 6(a) of the Act, the Lessor may cancel the lease if it is obtained by fraud or misrepresentation.

(b) Nonenforcement by the Lessee 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 7, 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.

THE UNITED STATES OF AMERICA, LESSOR

(Lessee)

(Signature of Authorized Officer)

(Name of Signatory)

(Regional Director)

(Gulf of Mexico OCS Region)

(Minerals Management Service)

(Address of Lessee)

BEST AVAILABLE COPY
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 a 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, the RD 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 in 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. 2—Live Bottom Areas.

For activities conducted under Plans of Exploration, the provisions of this stipulation shall apply only in water depths of 100 meters or less. For activities conducted under Development and Production Plans, the provisions of this stipulation shall apply in water depths of 200 meters or less.

Prior to any drilling activity or the construction or placement of any structure for exploration or development on this lease including, but not
limited to, wall drilling and pipeline and platform placement. The lessee will submit to the Regional Director (RD) a bathymetry map prepared utilizing remote sensing and/or other survey techniques. This map will include interpretations for the presence of live bottom areas within a minimum of 1,820 meters radius of a proposed exploration or production activity site.

For the purpose of this stipulation, "live bottom areas" are defined as seagrass communities; or those areas which contain biological assemblies consisting of such sessile invertebrates as sea fans, sea whips, hydroids, anemones, ascidians, sponges, bryozans, or corals living upon and attached to naturally occurring hard or rocky formations with rough, broken, or smooth topography; or areas whose lithotop favors the accumulation of turtles, fishes, and other fauna.

The lessee will also submit to the RD photodocumentation of the sea bottom within 1,820 meters of the proposed exploration drilling sites or proposed platform locations.

If it is determined that live bottom areas might be adversely impacted by the proposed activity, then the RD will require the lessee to undertake any measure deemed economically, environmentally, and technically feasible to protect live bottom areas. These measures may include, but are not limited to, the following:

(a) the relocation of operations to avoid live bottom areas;
(b) the shunting of all drilling fluids and cuttings in such a manner as to avoid live bottom areas;
(c) the transportation of drilling fluids and cuttings to approved disposal sites; and
(d) the monitoring of live bottom areas to assess the adequacy of any mitigation measures taken and the impact of lessee-initiated activities.

Stipulation No. 3—Military Warning Areas

Eglin AFB Areas

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 person 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 activity of any agency of the U.S. Government, its contractors or subcontractors, or any of their officers, agents, or employees, or of any independent contractor or subcontractor doing business with the lessee in connection with the programs and activities of the Command, Armament Division, Eglin AFB, Florida.

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, his agents, or any independent contractors or subcontractors doing business with the lessee in connection with the programs and activities of the above command, 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 Department of Defense (DOD) 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 DOD 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 Controls

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

(d) Evacuation

When the activities of the Armament Development and Test Center at Eglin Air Force Base, Florida, may endanger personnel or property, the lessee agrees, upon receiving a directive from the Regional Director (RD), to evacuate all personnel and structures on the lease and to shut-in and secure all wells and other equipment, including pipelines on the lease, within 48 hours or within such shorter period of time as may be specified by the directive. Such directive shall require evacuation of personnel and shutting-in and securing of equipment for a period of time greater than 72 hours; however, such a period of time may be extended by a subsequent directive from the RD. Equipment and structures may remain in place on the lease during such time as the directive remains in effect.

Stipulation No. 4—Transportation.

(a) Pipelines will be required: (1) if pipeline rights-of-way can be determined and obtained; (2) if laying of such pipelines is technologically feasible and environmentally preferable; and (3) if, in the opinion of the lessor, pipelines can be laid without net social loss, taking into account any incremental costs of pipelines over alternative methods of transportation and any incremental benefits in the form of increased environmental protection or reduced multiple-use conflicts. The lessor specifically reserves the right to require that any pipeline used for transporting production to shore be placed in certain designated management areas. In selecting the means of transportation, consideration will be given to any recommendations of the Regional Technical Working Group for assessment and management of transport of offshore oil and gas with the participation of the Federal, State, and local governments and industry. All pipelines, including both flow lines and gathering lines for oil and gas, shall be designed and constructed to provide for adequate protection from water currents, storm scouring, and other hazards as determined on a case-by-case basis.

(b) Following the development of sufficient pipeline capacity, no crude oil will be transported by surface vessels from offshore production sites except in the case of emergency. Determination as to emergency conditions and appropriate responses to these conditions will be made by the Regional Director.

(c) Where the three criteria set forth in the first sentence of this stipulation are not met and surface transportation must be employed, all vessels used for carrying hydrocarbons from the leased area will conform with all standards established for such vessels, pursuant to the Ports and Waterways Safety Act (33 U.S.C. 1221 et seq.).
Stipulation No. 5—Restriction on Exploration Activities

The placement, location, and planned periods of operation of surface structures on this lease during the exploration stage are subject to approval by the Regional Director (RD) after the review of an operator’s Plan of Exploration (POE). Prior to approval of the POE, the RD shall consult with the Commander, Armament Division, Eglin Air Force Base, Florida, and the Commanding Officer, Naval Coastal Systems Center, Panama City, Florida, in order to determine the POE’s compatibility with scheduled military operations. The POE will serve as the instrument for promoting a predictable and orderly distribution of surface structures, determining the location and density of such structures, and maximizing exploration while minimizing conflicts with Department of Defense activities. A POE will be disapproved in accordance with 30 CFR 250.34-1(e) (2)(iii) if it is determined that the proposed operations will result in interference with scheduled military missions in such a manner as to possibly jeopardize the national defense or to pose unacceptable risks to life and property. Moreover, if there is a serious threat of harm or damage to life or property, or if it is in the interest of national security or defense, approved operations may be suspended in accordance with 30 CFR 250.12(a)(1)(i)(i) and (iii). The term of the lease will be extended to cover the period of such suspension or prohibition. It is recognized that the issuance of a lease conveys the right to the lessee as provided in Section 8(b)(4) of the OCS Lands Act to engage in exploration, development, and production activities conditioned upon other statutory and regulatory requirements.
In Reply Refer To: PD-3-1

JAN 09 1988

Shell Offshore Inc.
Attention: Property Administration
Post Office Box 570
Houston, Texas 77001

Gentlemen:

On December 26, 1984, a letter was forwarded to you as notification, pursuant to Stipulation No. 5, that Applications for Permit to Drill to Implement approved Plans of Exploration within a specific drilling window for a specific time period would be utilized as the means of approving the timing of placement and location of surface structures associated with exploratory drilling on affected leases and for minimizing efficient exploration and minimization of conflicts to Department of Defense Activities.

On February 4, 1985, a notice to lessees and operators, No. 85-2, "Effect of Drilling Window Approval," notified applicable lessees of the effect of fixing those drilling windows. It states in part that pursuant to 30 CFR 250.12(e)(2)(iii), a suspension of operations will be directed and will be in effect for all leases in the Eastern Gulf of Mexico which were issued pursuant to the January 5, 1984, lease offering that contain Stipulation No. 5 and which are not located within an approved drilling window. Similar suspensions will likewise be directed by separate letters for all such leases affected by future drilling window openings and shall be effective as of the date of the opening of any drilling window.

Since Lease OCS-C-60327, Outer Zone Block 60-3, is not included in the currently approved Fifth drilling window as defined in the October 25, 1987, letter, we hereby direct a suspension of operations for Lease OCS-C-60327 to commence January 1, 1986, and terminate pursuant to 30 CFR 250.12(e)(2), when the drilling window in which this lease is included is opened. Pursuant to 30 CFR 250.12(e)(1), the term of this lease will be extended for a period of time equal to the period that this suspension of operations is in effect.

NOTE: HENDRICKS

BEST AVAILABLE COPY
In accordance with the procedures for collection of rentals and royalties due the Federal Government, the following should be noted:

1. Pursuant to and consistent with the purpose of 30 CFR 218.154(a), no payment of rental or minimum royalty shall be required for or during the period of suspension.

2. Pursuant to 30 CFR 218.154(c), rental payment is not required in advance of any lease anniversary date falling within this period of suspension of operations. However, prorated rental will be due and payable as of the date this suspension of operations terminates. The amount of rental due will be computed and you will be notified thereof. The amount due shall be paid within 30 days after receipt of such notice. The anniversary date of this lease will not change because of this lease suspension or the rental relief resulting therefrom.

If you have any questions concerning these payment procedures, please contact the Chief of the Reference Data Branch, Minerals Management Service, Lakewood, Colorado, at (303) 231-3437.

Sincerely yours,

(Orig. Sgd.) J. Rogers Pearcy

J. Rogers Pearcy
Regional Director

Bcc: Royalty Management Program (PADC-1) (NS 0.9.7)
Lease OCS-G 6327 (OPS-3-2)
PRD 9 (OPS-3-2)
GMD Reading File
LF-3
LT-5-1
OPS-5
In Reply Refer To: FO-3-1

SE: 23 1989

Shell Offshore Inc.
Attention: Property Administration
Post Office Box 576
Houston, Texas 77001

Gentlemen:

On December 20, 1984, a letter was forwarded to you as notification of intent to Stipulation No. 5, that applications for Permit or Bail to implement approved Plans of Exploration within a specific drilling window for a specific time period would be utilized as the means of approving the timing of placement and location of surface structures associated with exploratory drilling on affected leases and for maximizing efficient exploration and developing untapped Department of Defense Activities.

On February 4, 1985, a notice to lessees of Operation No. 85-1, "Effect of Drilling "Window" Approvals," was issued. In order to ensure the effect of issuing these drilling windows, it states in part that pursuant to 30 CFR 250.12(e)(3) (currently 30 CFR 250.12(e)(3)), a suspension of operations will be directed and shall be in effect for all leases in the Eastern Gulf of Mexico which were issued pursuant to the January 5, 1984, lease offering that contain Stipulation No. 5 and which are not located within an approved drilling window. Similar suspensions will likewise be directed by separate letters for all such leases affected by future drilling window openings and shall be effective on or of the date of the openings of the drilling window.

Lease OCS-G 3377, Destin Dome Block 64, was not included in the seventh drilling window as outlined in our September 13, 1985, letter. We hereby direct a suspension of operations for OCS-G 3377, as of November 1, 1988, and terminate, pursuant to 30 CFR 250.10(f), that drilling window in which this lease is included or is operated. Pursuant to 30 CFR 250.10(f), the term of this lease will be extended for a period of time equivalent to the period that this suspension of operations is in effect.
In accordance with the procedures for collection of rents and royalties due the Federal Government, the following shall be noted:

1. Pursuant to and consistent with the purpose of 20 CFR 218.154(a), no payment of rental or minimum royalty will be required for or during the period of suspension.

2. Pursuant to 20 CFR 218.154(c), rental payment is not required in advance of the final anniversary date falling within this period of suspension of operations. However, prorated rental will be due and payable as of the date this suspension of operations terminates. The amount of rental due will be computed and you will be notified thereof. The amount due shall be paid within 30 days after receipt of such notice. The anniversary date of this lease will not change because of this lease suspension or the rental relief resulting therefrom.

If you have any questions concerning these payment procedures, please contact the Chief of the Reference Data Branch, Minerals Management Service, Lakewood, Colorado, at (303) 231-3777.

Sincerely yours,

[Signature]
Everett R. Guillory

Ralph J. Mahanon
Regional Supervisor
Production & Development

[Address]

[Reference]

Best Available Copy
In Reply Refer To: MS 5321

Shell Offshore Inc.
Attention: Ms. Mary Dokianos
Post Office Box 67,933
New Orleans, Louisiana 70161

Gentlemen:

By letter of December 20, 1984, you were notified that applications for Pre-drill to Drill would be utilized to implement approved Plans of Exploration within a specific drilling window for a specific time period. That letter specified the means of approving the existing placement and location of surface structures associated with exploratory drilling on affected leases while maximizing efficient exploration and minimizing conflicts to Department of Defense activities.

On February 4, 1991, a Notice to lessees and Operators, No. 85-2, "Effect of Drilling Window Approvals," notified applicable lessees of the effect of fixing these drilling windows. It states in part that pursuant to 30 C.F.R. 250.12(a)(ii) (currently 30 C.F.R. 250.10(b)(3)), a suspension of operations (SOO) will be directed and will be in effect for all leases in the Eastern Gulf of Mexico which were issued pursuant to the January 5, 1984, lease offering that contain Stipulation No. 5 and which are not located within an approved drilling window. Similar suspensions will likewise be directed by separate letters for all such leases affected by future drilling window openings and shall be effective as of the date of the openings of the drilling windows. Only one drilling window will be open at any time.

The OCS-G serial numbers indicated on the enclosed list for leases in the Destin Dome Area were not included in the fifteenth drilling window as outlined in our April 23, 1991, letter. Therefore, we hereby direct an SOO for each lease specified on the enclosure to commence February 1, 1992, and terminate pursuant to 30 C.F.R. 250.10(g), whereby a drilling window in which this lease is included is opened. Pursuant to 30 C.F.R. 250.10(g), the term of this lease will be extended for a period of time equivalent to the period that this SOO is in effect.

In accordance with the procedures for collection of rentals and royalties due to Federal government, the following should be noted:

1. Amounts to be consistent with the purpose of 30 C.F.R. 250.10(g), no payment of rental or minimum royalty will be required for or during the period of suspension.

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2. Pursuant to 31 CFR 218.154(c), rental payment is not required in
advance of any lease anniversary date falling within this period of
suspension. However, prorated rental will be due and payable as of the date
this SUS terminates. The amount of rental due will be computed, and you will
be notified thereof. The amount due shall be paid within 30 days after
receipt of such notice. The anniversary date of this lease will change
because of this lease suspension or the rental relief resulting therefrom.

If you have any questions concerning these payment procedures, please,
contact Mr. Charles A. Ross, Reference Data Branch, Mineral Management
Service, Lakewood, Colorado, at (303) 231-3857.

Sincerely,

J. Rogers Peary
Regional Director

Enclosure

Enclosure

Enclosure

Enclosure
Shell Offshore Inc.

Lease OCS-G

G 8327
G 8337
G 8338
G 8339
G 8341
G 8342
G 8345

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