UNITED STATES DEPARTMENT OF THE INTERIOR

ERALS MANAGEMENT SERVICE GULF OF MEXICO OCS REGION IMPERIAL OFFICE BLDG., 3301 N. CAUSEWAY BLVD. P. O. BOX 7944 METAIRIE. LOUISIANA 70010

804-837-4720

Attachments

ocs- G 8324			Offering Date 12/18/85	Map Area and Block Number DES - 22
	DECISION	Rental N \$ 17,280	Belance of Bosse \$1,100,000.00	
Name				חקריים
Post Office	e Bo	tion Company ox 50879 Louisiana 70150		10-1-1-1-97
Shell Offs	hore	Inc.		MINISPALS BETTER SE THE RESEARCH STREET GUIL OF MEXICS & COS Reg & I
		LEASE FORMS TRANSMIT	TED FOR EXECUTION	V WEAR OLD REE & F
Stat. 629), an	d the	a 8 of the Outer Continental Shelf Land regulations percaining thereto (30 CFR to predect your rights hereunder, the foll	256), your bid for th	e above block is accepted. Ac-
*	1.	Exa. '4 and return the three copies of an agent, evidence must be furnished of		
X	2.	Pay the balance of bonus and the fire ance with the attached instructions must be received by the Federal Renoon, eastern standard time, on the decision (30 CFR 256.47). That day is	for Electronic Funds serve Bank of New 1 11th business day at	Transfer, Psyment fork no later than
	3.	Comply with bon-ling requirements acc	cording to 30 CFR 256	Subpart I.
	4.	Comply with the affirmative action CFR section 60-1.40 within 120 days		
		equirements 1, 2, and 3 above must be n flure to comply will result in forfeiture o		
IMPORTANT	: <i>1</i> 1	e lease form requires the attachment of	of the CORPORATE S	EAL to all leases executed by
			Original Signed	: J. Rogers Pearcy
		-	Regiona	Director
			-	JAN 2 8 1987

Date_

Form MMS-2005 (August 1982) (formerly Form 3300 1)

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 Metairie, LA	Serial number OCS-G 8324	
Cash bonus \$1,375,000.00	Rental rate per acre, hectare or fraction thereof \$3.00 per acre	
Minimum royalty rate per acre, hectare or fraction thereo\$3.00 per acre	Royalty rate 16 2/3 percent	
Work commitment	Profit share rate	

This lease is effective as of initial period of

five MAR 1

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

1987

Amoco Production Company

50.0%

Shell Offshore Inc.

50.0%

(hereinafter called the "Lessee"). In consideration of any cash payment hereinfore made by the bessee to the Lessor and in consideration of the promises, terms, conditions, and covenants contained herein uncluding the Supulationis) numbered 1, 2, 3, 4, and 5 attached hereto, the Lessee and Lessor agree as follows

Sec. 1. Statutes and Regulations. This lease is assect 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. 67 — hereunalten casted the "Act"). The lease is usued subject to the Act; all regulations issued pursuant to the statute and in existence upon the Effect. 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 Irill for, develop, and produce oil and gas resources, except helium gas, in the submerged lands of the Outer Continental Shelf containing approximately hectares (hereinafter referred to as the "leased area"), described as follows:

All of Block 22, 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 art 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 Managemen. 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 case b lease, year which commences prior to a discovery in paying quantities of oil or gas on the leased a ca. a cental 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 arti-diroyalty 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, (as of all kinds (except nebium) is 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 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 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 desciopment 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 cases shall drill such wells and produce at such rates as the Lessor in a 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 data 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 Lesse c 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 hazzrds to employees of the Lessee or of any contractor or subcontractor operating within the leased area;

(b) maintain all operations within the leased area in compliance with regulations intended to protect persons, property, and the environ-

ment 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 Lesser 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'r 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(ax2) 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 lesse 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) 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 Lessoe 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 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 "begregated facilities" means, but is not limited to, any waiting rooms, work areas, restrooms and washrooms, restaurants and other eating areas, timeclocks, locke and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facily as 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 Ali rights in the leased area not expressly granted to the Lessoe by the Act, the regulations, or this lease are hereby reserved to the Lessor Without limiting the generality of the foregoing, reserved rights in side

(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 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 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, and the term of this lease shall be extended by adding thereto any such suspension period, and the Lessor, hall be hable to the Lessoe 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.

(Continued on reverse)

Sec. 21. Surrender of Lease. The Lessee may surrender this entire lease or any officially designated subdition 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 arks, 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) to cancellation in accordance with the provisions of Section of particle, 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 lesse 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 the Act, or the terms of this lesse shall not prevent the cancellation

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. Unis aful 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 In-terior, 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 3"41 of the Revised Statutes, as amended, 41 U.S.C. 22, and the Act of June 25, 1948, "2 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.

(Lessee)	THE UNITED STATES OF AMERICA, Lessor
(Signature of Authorized Officer)	(Signature of Authorized Officer)
(Name of Signatory)	(Name of Signatory) Regional Director Gulf of Mexico OCS Region Minerals Management Service
(Title)	(Title)
(Date)	(Date)
(Address of Lessee)	-

(Lesser)	(Lease)
(Signature of Authorised Officer)	("ignature of Authorised Officer)
(Nume of Signatory)	(Name of Signatory)
(Title)	(Title)
(Dute)	(Date)
(Address of Lessee)	(Address of Lessee)
(Less t)	(Lessee)
(Signature of Authorized Officer)	(Signature of Authorized Officer)
(Name of Signatory)	(Name of Signatory)
(Title)	(Title)
(Date)	(Date)
	ti di
(Address of Lessee)	(Address of Lessee)
Transition of Property	

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

(Lessee)	(Leave)
(Signature of Authorized Officer)	(Signature of Authorised Officer)
(Name of Signatory)	(Name of Signatory)
(Title)	(Title)
(Date)	(Date)
(Address of Lessee)	(Andress of Lessee)
(Lezsee)	(Lessee)
(Signature of Authorized Officer)	(Signature of Authorized Officer)
(Name of Signatory)	(Name of Signatory)
(Title)	(Title)
(Date)	(Date)
(Address of Lessee)	(Address of Lessee)

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

UNITED STATES DEPARTMENT OF THE INTERIOR MINERALS MANAGEMENT SERVICE

Outer Continental Shelf, Eastern Gulf of Mexico Oil and Gas Lease Sale 94

ocs-g 8324

Stipulation No. 1 -- Protection of Archaeological Resources.

- (a) "Archaeologicaí 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. A70w(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 lesses that either:
 - (i) Locate the site of a peration 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 archaeologicial 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 lesse 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 Pevelopment 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, well drilling and pipeline and platform placement, the lesses 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 con n biological assemblages consisting of such sessile invertebrates as see fans, see whips, hydroids, anemones, ascidians, sponges, bryozoans, or corals living upon and attached to naturally occurring hard or locky formations with rough, broken, or smooth topography; or areas whose lithotope favors the accumulation of turtles, fishes, and other fauna.

The lesses 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 deemad 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

(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 U.S. 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, Eglin AFB, Florida.

Notwithstanding any limitation of the lessee's liability in Section 14 of the lesse, 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 invites 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 sub-contractors, 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.

11/2

(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 (DDD) 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 DDD 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 effected by the commander of the appropriate onshore military in-tallation 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 on 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 receipt of a directive from the Regional Director (RD), to evacuate all personnel from all structures on the lesse and to shut-in and secure all wells and other equipment, including pipelines on the lesse, within 48 hours or within such other period of time as may be specified by the directive. Such directive shall not require evacuation of personnel and shutting-in and securing of equipment for a period of time greater than 72 hours; however, ach a period of time may be extended by a subsequent directive from the RD. Equipment and structures may remain in place on the lesse 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 praced 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 transportation of offshore oil and gas with the participation of 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 pireline 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 Con Armament Division. Eglin Air Force Base, Florida, and the Commanding Officer, Kaval Coastal Systems Center, Panama City, Florida, in order to determine the POE's compatibility with cheduled military operations. The POE will serve as the instrument for promuting 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 cr 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)(11) and (111). The term of the lease wall be extended to cover the period of such suspension or prohibition. It is recognized that the issuance of a lesse 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 statutor; and regulatory requirements.

UNITED STATES DEPARTMENT OF THE INTERIOR MINERALS MANAGEMENT SERVICE

DESIGNATION OF OPERATOR

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

The lessee identified below is, on the records of the Minerals Management Service, a leaseholder of:

Lease Number:

OCS-G-8324

Regional Office:

GULF OF MEXICO OCS REGION

RECEIVED

and hereby designates

FEB 1 3 1987

Name:

SHELL OFFSHORE INC.

P. O. BOX 61933

/...tress New Orleans, La. 70161 Minerals Management Service Leasing & ""vircoment

as his or prator and local agent, with full authority to act in his behalf in complying with the terms of the lease and regulain is applicable thereto and on whom the Regional Director or his representative may serve written or oral instructions in pecuring compliance with the Operating Regulations with respect to (describe block or aliquot portion to which this designation is applicable):

All of Block 22, Destin Dome, OCS offic al Protraction Diagram.

It is understood that this designation of operator does not relieve the lessee of responsibility to compliations about the terms of the lease, laws, regulations, and Outer Continental Shelf Orders applicable to the area. It is it is understood that this designation of operator does not constitute an assignment of any interest in the lease.

In case of default on the part of the designated operator, the lessee will make full and prompt combliance with all regulations, lease term: r orders of the Secretary of the Interior or his representative.

The lessee agrees to notify the Regional Din ctor promptly of any change in the designated operator AMOCO PRODUCTION COMPANY

FEB 1 1 1987

P. O. BOX 50879

New Orleans, Louisiana 70150

(Name of Lessee)

(Authority : Signature of Lessee)

Form MMS-1123 (September 1985) (Supersedes USGS Form 9-1123 which will not be used)

POSTED - WINSTEAD



Offshore East ProJuction Division

MAR 11 199"

Regional Supervisor Office of Field Operations Minerals Management Service 1201 Elmwood Park Boulevard New Orleans, LA 70123-2394

Dear Sir:

SUBJECT: SHALLOW HAZARDS REPORT

SOI ET AL OCS-G 6324 DESTIN DOME BLOCK 22 SOI ET AL OCS-G 8329, DESTIN DOME BLOCK 66 SOI ET AL OCS-G 8343, DESTIN DOME BLOCK 190

Filed under

OFFSHORE FLORIDA



Shell Offshore Inc. (SOI) herewith submits for your information and review a Shallow Hazards Report for the captioned leasts. Two (2) cories of this report are being submitted to you by way of this letter. One (1) copy of this report is being submitted directly to the MMS New Orleans District Supervisor.

our Plan of Exploration (POE) for the captioned leases as being submitted under reparate cover.

The attached Shallow Hazards Report was prepared by John E. Chance and Associates, Inc., for Amoco Production Company and SOI, and has been supplemented by shallysis of SOI's conventional seismic data. SOI regists the attachments, which are marked "Confidential", be exempted from disclosure under the Freedom of In premation Act.

Should you require additional information, please contact A. R. Piolett at 5:8-0138 or 588-6312.

fours very truly,

ORIGINAL SIGNED BY

G. ... Megfilian
Division Sarety, Environmental and Administration Manager

ARP . JA.

Attachment

cc: (w/Attachwents)

District Supervisor

New Orleans District

Miner/ls Management Service
1201 Elmwood Park Boulevard
New Orleans, LA 70123-2394

(w/Attachments) Mr. Rich Haumer Continental Shelf Associates, Inc. 759 Parkway Street Jupiter, FL 33477

ATOM & SOUTH & MOLA

LC8706105

SHALLOW HAGING REPORT
SOI OCS-G 8324, DISTINUE BLOCK 22
SOI OCS-G 8329, DISTINUE BLOCK 66
SOI OCS-G 8343, DESTIN DONE BLOCK 199
OFFSHORE FLORIDA

From April 29, through May 11, 1986, John E. Chance and Asso., Inc. of Lafayette, Louisiana, performed a Coophysical Hazard Survey in the Gulf of Mexico for our Plan. These surveys covered the captioned Blocks 22, 66 and 199. They analyzed the survey and prepared a shallow drilling hazards report for Amoco. We have reviewed the attached final report by Chance, titled Hazards Report.

Site Specific

Block 22 Location A: X - 1,727,960 Y - 10,867,090

Nu anomalies appear within 2,000 feet of Location A. The water dench here measures about 395 feet.

Block 65 Location A: X - 1,727,560

No anomalies appear within 2,000 teet of Location A. A fault lies approximately 2,000 teet to the southwest of this location, but does not appear to be of a problem to irrilling of this location. The water depth here measures about 400 feet.

Location B: X - 1,733,960 Y - 10,863,040

No anomalies appear within 2,0% feet of Location B. The water depth here measures about 390 feet.

Location C: X - 1, 28,460 Y - 1,860,140

No anomalies appear within 2,000 feet of Location C. A fault lies approximately 1,700 feet to the southwest of this location, but does not appear to be a problem for drilling of this location. The water depth here measures about 400 feet.

CONFIDENTIAL

CNL 18705702

Location D: X - 1,731,810 Y - 10,863,540

We anomalies appear within 2,000 feet of Location D. The water depth here mesures about 395 feet.

Location E: X - 1,736,300 Y - 10,864,140

No anomalies appear within 2,000 feet of Location E. The water depth here measures about 365 feet.

Location F: X - 1,733,610 Y - 10,861,40°

No anomalies appear within 2,000 feet of Location F. The a cer depth here measures about 395 feet. The distance from the nearest edge of the topographic high is approximately 1,000 feet. The nearest area of fluid expulsion features is about 2,000 feet.

Location G: X - 1,738,450 Y - 10,854,350

No anomalies appear within 2,000 feet of Location G. The water depth here measures about 400 feet.

Location H: X - 1,739,900 Y - 10,852,850

No anomalies appear within 2,000 feet of Location H. The water depth here measure about 400 feet.

Cock 193 Location A: X - 1,756,840 Y - 10,814,620

No anomalies appear within 2,000 feet of Location A. The water depth lere measures about 476 feet.

Location B: X - 1,754,990 Y - 10,816,220

No anomalies appear within 2,000 feet of Location B. The water depth home measures about 310 feet.

CONFIDENCE

L cation C: X - 1,752,440 10,815,570

No anomal . . onpear within 2,000 feet of Location C. The water depth here measures about 440 feet.

Location 5: X - 1,753,940 Y - 10.814,920

No anomalies aprear within 2.000 feet of Location D. The water depth here measures about 440 feet.

After reviewing the Side Scan Sonar, the limits of the fluid expulsion feature appear to be as shown on the Revised Sea Floor Features Map (Att. nt 1). This feature is not within 2,000 feet of any of our proposed locations and does not appear to be of any problem to these locations.

After reviewing the Specker Data, another fault was located near the center of Block 66, as shown on the Revised Structure Map (Attachment 2). This fault is below the mapped interval shown in the Chance Structure Map and is downthrown to the southeast. It is not within 2,000 feet of any of our proposed locations and does not appear to be of any problem to these locations.

No evidence of the nottom communities were noted on the data near the topographic high near the center of Block 66. The sub-bottom profiler data does indicate a hard, said bottom, and a lack of reflection below, but we believe that the amount of relief in this area (5-10') is insignificant in relations to the water depth and so this high is probably not indicative of a ive bottom environment. This area is of no problem to ou proposed locations.

Inspection of the Shell Conventional seismic data over Desti: Dome Blocks 21. 22, 65, 65 and 199 revealed no shallow amplitude anomalies over any of the blocks. However, numerous faults offset shallow norizons located within blocks 21, 22, 65 and 66 (Attachment 3A). Structure maps (in depth) of the Focene event (average depth 2,000 ft.) over the blocks of interest are included to illustrate the location of these faults (Attachment 3B).

In visw of the above, we believe the proposed wells can be drilled with minimum risk. The drilling rig we will use is adequately equipped for minimum hazard to personnel and equipment as required by OCS Order No. 2.

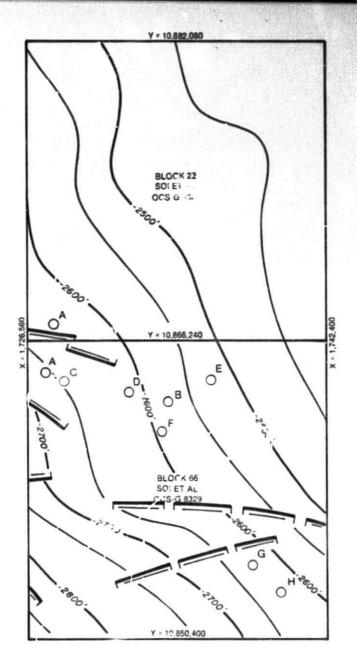
With reference to NTL 83-3 paragraph II A.5 of September 22, 1983, a copy of data from the two lines closest to our proposed wells will be furnished if requested.

Sr. Clerk

3/9/87

D. S. Ostendorf

Sr. Ergrg. Asst.



ATTACHMENT 3A

SHELL OFFSHORE INC.

(A SUBSIDIARY OF SHELL OIL COMPANY)

EOCENE STRUCTURE

PLAN OF EXPLORATION .

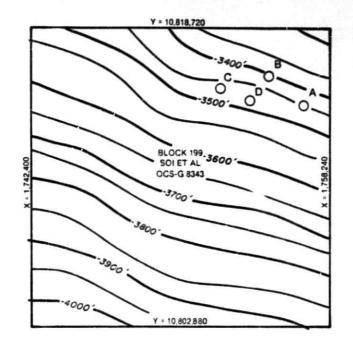
SOI ET AL OCS -G 8324 BLCCK 22 SOI ET AL OCS -G 8329 BLOCK 66

DESTIN DOME BLOCKS 22 & 66

OFFSHORE FLORIDA

C 4000°

CONFIDENTIAL



CONFIDENTIAL

ATTACHMENT 3B
SHELL OFFSHORE INC.
(A SUBSIDIARY OF SHELL OIL COMPANY)
EOCENE STRUCTURE
PLAN OF EXPLORATION
SOLET AL OCS-G 8343 BLK 199
DESTIN DOME BLOCK 199
OFFSHORE FLORIDA



Y = 10,887 080 BLOCK 22 SOI ET AL OCS-G 8324 0 Y = 10,866,240 OE 0 OB BLOCK 66 SOI ET AL OCS-3 8329 o 0 Y = 10,850,400

DD 22 OCS-G 8324 A 850 FSL & 1400 FWL OF BLK. 22

DD 66 OCS-G 8329

A 1650 FNL & 1000 FWL OF BLK. 66

B 3200 FNL & 7400 FWL OF BLK. 66

C 2100 FNL & 1900 FWL OF BLK. 66

D 2700 FNL & 5250 FWL OF BLK. 66

E 2100 FNL & 6100 FEL OF BLK 66

F 4800 FNL & 7050 FWL OF BLK 66

G 3950 FSL & 3950 FEL OF BLK 66 H 2450 FSL & 2500 FEL OF BLK 66

ATTACHMENT 4A SHE! OFFSHORE INC. (A SUBSIDIARY OF SHELL OIL COMPANY)
PROPOSED WELL LOCATIONS PLAN OF EXPLORATION

SOI ET AL OCS-G 8324 BLOCK 22 SOI ET AL OCS-G 8329 BLOCK 66

DESTIN DOME BLOCKS 22 & 66

OFFSHORE FLORIDA

4000



ND 199 OCS-G 8343 A 4100 FNL & 1400 FEL OF BLK. 199 B 2500 FNL & 3250 FEL OF BLK. 199 C 3150 FNL & 5800 FEL OF BLK. 199 D 3800 FNL & 4300 FEL OF BLK. 199 ATTACHMENT 4 B
SHELL OFFSHORE INC.
(A SUBSIDIARY OF SHELL OIL COMPANY)
PROPOSED WELL LOCATIONS
PLAN OF EXPLORATION
SOI ET AL OCS-G 8343 BLK. 199
DESTIN DOME BLOCK 191
OFFSHORE FLORIDA
0 4000'



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



MERALS MANAGEMENT SERVICE NEW OBJECTS DISTRICT

Gentlement

On December 20, 1964, a letter was forwarded to you as notification, pursuant to Stipulation ho. 5, that Applications for Permit to Brill 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 minimizing conflicts to Department of Defense activities.

on February 4, 1985, a Notice to Lessees and Operators, No. 05-2, "Effect of Drilling "Window" Approvals," notified applicable lessees of the effect of fixing these grilling windows. It states in part that persuant to 30 CFR 250.12(a)(1)(iii), a suspension of operations will be directed and will be in effect for all leases in the Eastern Gulf of Nexico which were is used 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 tuture grilling window openings and shall be offective as of the date of the openings of the crilling windows.

Since lease OCS-6 5324, Destin Dome Block 22, was not included in the currently approved fifth arilling window as outlined in our october 23, 1987, letter, we hereby direct a suspension of operations for Lease OCS-6 5324 to commance January 1, 1988, and terminate, pursuant to 30 CFR 250.12(a)(2), when the arilling window in which this lease is included is opened. Pursuant to 30 CFR 250.12(a)(1), 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.

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MUTLE - HENDERCHS

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 Tease 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 Recional Director

cc: Amoco Production Company Attention: Mr. Lee S. Johnson Post Office Box 50879 New Orleans, Louisiana 70150

bcc: Royalty Management Program (FAD-MUE) (MS 652)
Lease OCS-G 8324 (OPS-3-2)
PRO 9 (OPS-3-2)
ORD Reading File
(FO-3
LE-3-1
OPS-3

GATranter, 2:(PD-3-1):rmg:01-05-65:D1sk-1A

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In Reply Refer to: PL-3-1

SEP 2 8 1988

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, pursuant to Stipulation No. 5, that have cations for Permit to Drill to implement approved Plans of Bx.

A specific drilling window for a specific time period the means of approving the timing of placement and lo continued associated with exploratory drilling on affected lesses and for maximinity efficient exploration and minimizing conflicts to Department of Defense activities.

On February 4, 1985, a Notice to Lessess and Operators, No. 85-2, "Effect of Drilling "Window" Approvals," notified applicable lessess of the effect of fixing these drilling windows. It states in part that pursuant to 30 CFR 250.12(a) (3) (currently 30 CFR 250.10(b) (3)), a suspension of operations will be directed and will be in effect for all lesses in the Pastern Gulf of Mexico which were issued pursuant to the January 5, 1984, lesse 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 lesses affected by future drilling window openings and shall be effective as of the date of the openings of the drilling windows.

Lease CCS-G 8324, Destin Dame Block 22, was not included in the seventh drilling window as outlined in our September 13, 1988, letter. We hereby direct a suspension of operations for CCS-G 8324, to commence October 1, 1988, and terminate, gurguant to 30 CFR 250.10(j), when a drilling window in which this lease is included is opened. Pursuant to 30 CFR 250.10(f), the term of this lease will be extended for a period of time - varient to the period that this suspension of operations is in effect.

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In accordance with the procedures for collection of rentals and revelties on the Federal Government, the following should be noted:

- 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 CPR 218.154(c), rental payment is not required in advance of any lease anniversary date falling within this period of semicension of operations. However, provated rental will be due and payable as of the date this suspension of operations terminates. The secunt of rental due will be computed and you will be notified thereof.

 **Secund due shall be paid within 30 days after receipt of such notice. The inversary date of this lease will not change because of this lease suspension or the rental relief resulting there ices.

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

Sincerely yours,

A G Sgs, Entell F Combany

Halph J. Helancon Regional Sapervisor Production and Development

Attention: Mr. M. R. Dubes Post Office Box 50877 New Orleans, Loudies 70150

bcc: Royalty Management Program (FAD-EDE) (MS 652)
Least OCS-G 8324 (OPS-3-2)
PRO 9 (OPS-3-2)
ORD Reading File
[FO-3
LE-3-1
OPS-3

CATranter, 2: (PD-3-1):.mp:09-22-88:Disk-1A.

In Reply Refer To: MS 5321

Amoco Production Company Attention: Mr. Scott B. Baily Post Office Box 3092 Houston, Texas 77253

Shell Offshore Inc. Attention: "s. Mary Dokianos Post Office Sox 61933 New Orleans, Louisiana 70161

Gent!emen:

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

On February 4, 1985, a Notice to Lessees and Operators. An. 85-2, "Effect of Drilling 'Window' Approvals," notified applicable ressees of the effect of fixing these drilling windows. It states in part that pursuant to 30 CFM 250.12(a)(1)(iii) (currently 30 CFR 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 officing that contain Stipulation No. 5 and which are not located within a approved drilling window. Similar suspensions will likewise be directed by separate letters for all such leases affected by future drilling window opening: and shall be effective as of the date of the opening, 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 fiftgenth 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 CFR 250.10(j), when 3 drilling window in which this lease is included is opened. 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 SOO is in effect.

In accordance with the procedures for collection of rentals and rogalties due the Federal Government, the following should be noted:

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8344

IAN 3 1 1992

- 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 219.154(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 SOC 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 'ease will not imange because of this lease suspension or the rental relief resulting theref .m.

If you have any questions concerning these payment procedures, please contact Mr. Charles A. Ross, Reference Data Branch, Minerals Management Service, Lakewood, Colorado, at (393) 231-3857.

Sincerely.

J. Rogers Pearcy Regional Director

7: 7. 41. 31 - J. R.L. - PEST?

Enclosure

bcc: Royalty Management Program, w/encl (FAD-RDB) (MS 3240) Lease OCS-G 6412 w/encl, 8323, 8324, 8328, 8329, 8330, 8331, 8343, 8344 (MS 5032) 1101-02a(3)(b), Lease OCS-G 6412 w/encl, 8323, 8324,

8328, 8329, 8330, 8331, 8343, 8344 (MS 5321) MS 5000 Reading File

MS 5232, w/encl

MS 5250. w/encl MS 5421. w/encl

MS 5030, w/enc1

KJKarl:css:wp51:dril6win.doc:January 29, 1992