

BP Wins 24 Bids In Gulf Oil Sale

JANET McCONNAUGHEY, Associated Press

NEW ORLEANS (AP) — High bids from Freeport-McMoRan Oil & Gas LLC made up more than one-third of the \$850.8 million total at Wednesday's federal oil lease sale for the central Gulf of Mexico. It also was the first sale since the government said BP PLC can again secure federal contracts; the company made \$41.6 million in high bids.

Freeport-McMoRan's 16 high bids totaled \$321.4 million, including the day's biggest — \$68.8 million — and six of the 10 highest, according to the federal Bureau of Ocean Energy Management.

The second-highest bidder both for total and single bids was Chevron USA Inc., at \$103.3 million and \$62.4 million. That bid, announced after bids of \$1.2 million, \$2.6 million and \$32.8 million for a Mississippi Canyon tract about 125 miles south of Dauphin Island, Ala., and about 20 miles from BP PLC Macondo well that blew wild in 2010, drew a chorus of "oohs" from the audience.

BP was the only bidder on a tract a few miles west of that one, getting it for \$1.2 million. The company was suspended from new federal business after pleading guilty in November 2012 to criminal charges from a major oil spill in the Gulf two years earlier. The suspension was lifted Friday and BP bid a total of \$53.8 million on 31 tracts Wednesday, with high bids on 24.

"As the nation's largest energy investor, BP is committed to the deepwater Gulf of Mexico, where we have been an active player for a quarter century and have a multi-billion dollar investment program underway," spokesman Brett Clanton said in an emailed statement. "BP's participation in today's lease sale not only underscores the importance of the region, but it is also a testament to the vital role BP plays in the American economy and to the country's energy future."

BP's highest bid was \$8 million for an Atwater Valley tract about 180 miles south of Biloxi, Mississippi, and up to 15 miles (24 kilometers) northeast of the day's most hotly contested tract — the one for which Freeport-McMoRan bid \$68.8 million. The other five bids included Exxon Mobil Corp.'s \$45.5 million.

BP didn't bid on that tract, but paid \$1.2 million each for two within 20 miles (32 kilometers) west of it and one just east of its own \$8 million purchase.

The Interior Department said 50 companies bid on 326 blocks in the central gulf, an area where last year's sale brought \$1.2 billion in high bids and one in 2012 brought \$1.7 billion.

"The Gulf is a critical component of our nation's energy portfolio and holds vital

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Published on Chem.Info (<http://www.chem.info>)

energy resources that spur economic opportunities for Gulf producing states as well as further reduce our dependence on foreign oil," Interior Secretary Sally Jewell said by telephone during a press conference afterward.

Four Gulf states will share the revenue from nine of the leases, said BOEM Director Tommy Beaudreau.

They'll get nearly \$2.2 million from the lease sale and will share 37.5 percent of revenues from any royalties, said Democratic Sen. Mary Landrieu, chair of the Senate Energy and Natural Resources Committee.

The government also opened bids made last August on three tracts near the maritime boundary between the United States and Mexico. The bids were held until both nations had ratified an agreement on how to deal with oil and gas reservoirs that extend into both nations' territory.

Exxon Mobil made the only bids, on two full adjacent blocks south of Galveston for \$12.8 million and \$7.2 million, and a sliver of a third just north of the boundary line for \$1.3 million.

Source URL (retrieved on 11/28/2014 - 7:40am):

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