

Price Thresholds Above Which Full Royalties Are
Due Not Withstanding Volume Suspensions

Deep Water Oil

Calendar Year	Deflator	Oil Price Threshold (\$/bbl)		Actual (\$/bbl)
	Implicit Price Deflator for GDP	For DWRRA ¹	For Deep Water Leases Sold in 2001	Average NYMEX Nearby Delivery
1994	96.01	\$28.00		
1995	98.10	\$28.61		
1996	100.00	\$29.16		\$21.99
1997	101.95	\$29.73		\$20.63
1998r	103.20	\$30.10		\$14.43
1999r	104.65	\$30.52		\$19.26
2000r	107.04	\$31.22	\$28.00	\$30.25
2001r	109.37	\$31.90	\$28.61	\$25.99
2002r	110.66	\$32.27	\$28.95	\$26.10
2003e	112.48	\$32.80	\$29.42	

NYMEX Year-to-Date 2003 Average				\$33.87
Apr -Dec Average Needed to Suspend Relief		\$32.44	\$27.94	
Estimated (e) Threshold Target Price Level		\$32.80	\$29.42	
Gap Between Threshold and Current Average		-\$1.07	-\$4.45	

Deep Water Natural Gas

Calendar Year	Deflator	Gas Price Threshold (\$/MMBTU)		Actual (\$/MMBTU)
	Implicit Price Deflator for GDP	For DWRRA ¹	For Deep Water Leases Sold in 2001	Average NYMEX Nearby Delivery
1994	96.01	\$3.50		
1995	98.10	\$3.58		
1996	100.00	\$3.65		\$2.50
1997	101.95	\$3.72		\$2.42
1998r	103.20	\$3.76		\$2.16
1999r	104.65	\$3.81		\$2.31
2000r	107.04	\$3.90	\$3.50	\$4.33
2001r	109.37	\$3.99	\$3.58	\$4.06
2002r	110.66	\$4.03	\$3.62	\$3.36
2003e	112.48	\$4.10	\$3.68	

NYMEX Year-to-Date 2003 Average				\$5.91
Apr -Dec Average Needed to Suspend Relief		\$3.50	\$2.94	
Estimated (e) Threshold Target Price Level		\$4.10	\$3.68	
Gap Between Threshold and Current Average		-\$1.81	-\$2.23	

Shallow Water, Deep Natural Gas

Calender Year	Deflator Implicit Price Deflator for GDP	Gas Price Threshold (\$/MMBTU)		Actual (\$/MMBTU) Average NYMEX Nearby Delivery
		Sale 178 Well Depths >15,000 ft	Sale 180,182,184	
2000r	107.04	\$3.50	\$5.00	\$4.33
2001r	109.37	\$3.58	\$5.11	\$4.06
2002r	110.66	\$3.62	\$5.17	\$3.36
2003e	112.48	\$3.68	\$5.25	
NYMEX Year-to-Date 2003 Average				\$5.91
Apr -Dec Average Needed to Suspend Relief		\$2.94	\$5.03	
Estimated (e) Threshold Target Price Level		\$3.68	\$5.25	
Gap Between Threshold and Current Average		-\$2.23	-\$0.66	

footnote: 1. These price thresholds apply to pre-act leases, certain eligible leases, and leases issued in 2002 and 2003.

note: The implicit price deflator for GDP has been revised (r) by the Bureau of Economic Analysis, Dept.of Commerce. The implicit price deflator for the 2003 GDP is an estimate (e).

Sources: NYMEX - OIL WORLD
www.oilnergy.com/1onymex.htm
www.oilnergy.com/1gnymex.htm

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Data for Implicit Price Deflator for GDP:	
2002 I (r)	110.14
2002 II (r)	110.48
2002 III (r)	110.76
2002 IV (r)	111.25
Source: http://www.bea.doc.gov	