

**UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF SAFETY AND ENVIRONMENTAL ENFORCEMENT**

2017 NTL-No.N03

Effective Date: October 1, 2016
Expiration Date: September 30, 2017

NATIONAL NOTICE TO LESSEES AND OPERATORS (NTL) OF FEDERAL OIL AND
GAS LEASES AND PIPELINE RIGHT-OF-WAY HOLDERS IN THE
OUTER CONTINENTAL SHELF

Inspection Fees for Fiscal Year (FY) 2017

The purpose of this NTL is to inform you that the Office of Natural Resources Revenue (ONRR), acting on behalf of the Bureau of Safety and Environmental Enforcement (BSEE), will collect inspection fees from you for FY 2017 as required by Division G, Section 107 of the Consolidated Appropriations Act, 2017 (Public Law 115-31).

ONRR will collect inspection fees from the designated operator of facilities above the waterline, excluding drilling rigs, which were in place at the start of FY 2017. For drilling rigs (see definition below), ONRR will collect inspection fees for all inspections completed during FY 2017, which began on October 1, 2016, and will end on September 30, 2017. All subsea completions are counted as wells delivering production to a central facility and not as individual facilities requiring a separate inspection fee. Please note that ONRR has already invoiced the designated operator of facilities above the waterline, excluding drilling rigs, which were in place at the start of FY 2017, and for drilling rig inspections that occurred through June 2017.

Background

The Consolidated Appropriations Act, 2017 (Division G, Section 107 of Public Law 115-31, May 5, 2017, 131 Stat. 135) provides:

OUTER CONTINENTAL SHELF INSPECTION FEES

Sec. 107. (a) In fiscal year 2017, the Secretary shall collect a nonrefundable inspection fee, which shall be deposited in the "Offshore Safety and Environmental Enforcement" account, from the designated operator for facilities subject to inspection under 43 U.S.C. 1348(c).

(b) Annual fees shall be collected for facilities that are above the waterline, excluding drilling rigs, and are in place at the start of the fiscal year. Fees for fiscal year 2017 shall be:

- (1) \$10,500 for facilities with no wells, but with processing equipment or gathering lines;

- (2) \$17,000 for facilities with 1 to 10 wells, with any combination of active or inactive wells; and
 - (3) \$31,500 for facilities with more than 10 wells, with any combination of active or inactive wells.
- (c) Fees for drilling rigs shall be assessed for all inspections completed in fiscal year 2017. Fees for fiscal year 2017 shall be:
- (1) \$30,500 per inspection for rigs operating in water depths of 500 feet or more; and
 - (2) \$16,700 per inspection for rigs operating in water depths of less than 500 feet.
- (d) The Secretary shall bill designated operators under subsection (b) within 60 days, with payment required within 30 days of billing. The Secretary shall bill designated operators under subsection (c) within 30 days of the end of the month in which the inspection occurred, with payment required within 30 days of billing.

To comply with this mandate, ONRR will collect a non-refundable inspection fee from the designated operator for those facilities subject to inspection by BSEE under 43 U.S.C. 1348(c) that are above the waterline, and were in place at the start of FY 2017, and from drilling rigs for all inspections completed in FY 2017. This fee will be deposited in the “Offshore Safety and Environmental Enforcement” account.

Definitions (for Purposes of this NTL Only)

Active Wells: Any well currently in the completed or temporarily abandoned status for which production has been reported on the Oil and Gas Operations Report (OGOR) within the last 12 consecutive months.

Designated Operator: A company identified as the operator of all or a given portion of a lease and any structures located on that lease or portion thereof. This includes the lessee, right-of-way holder, or right-of-use and easement holder for leases in state waters with bottom-founded structures on the OCS, if no operator has been designated.

Drilling Rig: A facility, structure, or vessel used for drilling and other downhole operations (e.g. completion, workover, decommissioning).

Gathering Lines: Pipelines and pumping units used to bring oil and gas production by separate lines to a central point (including, for purposes of this NTL, pipelines from other leases or fields).

Inactive Wells: Any well currently in the completed or temporarily abandoned status for which production has not been reported on the OGOR within the last 12 consecutive months.

Inspection: A visit by a BSEE inspector to witness operations or to verify compliance with applicable laws, regulations, orders, standards, and application and permit approvals. An inspection may span several days depending on a number of factors including timing and complexity.

Processing Equipment: Any equipment or device that handles oil or gas, including compressors, separators, fired vessels, pumps, pipelines, headers, meters, well bays, and pressure vessels.

Temporarily Abandoned Well: A well that has a temporary plug installed in the wellbore for the purpose of allowing the proper future development and production of a lease.

Implementation

The fees for facilities above the waterline, excluding drilling rigs, will be based on whether a facility was on site on the first day of FY 2017 (October 1, 2016). You will receive payment instructions with the bill from ONRR. ONRR will accept Automated Clearing House (ACH), Fedwire, and Pay.Gov payments. Use an electronic payment option at www.onrr.gov/Reportpay/payments.htm.

Guidance Document Statement

BSEE issues NTLs as guidance documents in accordance with 30 CFR 250.103 to clarify or provide more detail about certain requirements.

Paperwork Reduction Act of 1995 Statement

This NTL is explanatory only and does not impose information collection requirements subject to the Paperwork Reduction Act of 1995.

Contacts

If you have questions regarding this NTL please contact:

ONRR Contact:

Hans Meingast at 303-231-3382 or by e-mail at Hans.Meingast@onrr.gov.

BSEE HQ Contacts:

Kimberly Monaco at 703-787-1658 or by e-mail at Kimberly.Monaco@bsee.gov.

Joanne McCammon at 703-787-1292 or by e-mail at Joanne.Mccammon@bsee.gov.

Bernadette Myers at 703-787-1757 or by e-mail at Bernadette.Myers@bsee.gov.

BSEE Regional Contacts:

Pacific OCS Region:

Michael Mitchell at 805-384-6355 or by e-mail at Michael.Mitchell@bsee.gov.

Gulf of Mexico OCS Region:

Warren Williamson at 504-736-2874 or by e-mail at Warren.Williamson@bsee.gov.

Alaska OCS Region:

Kyle Monkeliën at 907-334-5300 or by email at Kyle.Monkeliën@bsee.gov.

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Douglas Morris /S/

Douglas Morris
Chief, Office of Offshore Regulatory Programs
Bureau of Safety and Environmental Enforcement