

**UNITED STATES DEPARTMENT OF THE INTERIOR
MINERALS MANAGEMENT SERVICE
GULF OF MEXICO OCS REGION**

NTL No. 98-23

Effective Date: October 15,
1998

NOTICE TO LESSEES AND OPERATORS OF FEDERAL OIL AND GAS LEASES
IN THE OUTER CONTINENTAL SHELF, GULF OF MEXICO OCS REGION

**Interim Reporting Requirements for 30 CFR 250, Subpart K,
Oil and Gas Production Rates**

This Notice to Lessees and Operators (NTL) supersedes NTL 95-01 dated April 25, 1995. It makes minor technical amendments, updates cited regulatory authorities, and includes a statement regarding the Paperwork Reduction Act of 1995.

As part of the initiative to reinvent government by reducing regulatory burden and providing improved service to our customers, we have established revised procedures for certain regulatory requirements in 30 CFR 250, Subpart K, Oil and Gas Production Rates. Consistent with 30 CFR 250.103, these new procedures provide equal or better protection of natural resources and comply with the requirements of Subpart K. Effective immediately, you may comply with the revised procedures described below on a voluntary basis until we complete formal regulatory revisions. You must continue to use the current Minerals Management Service (MMS) forms for reporting purposes until they are formally revised.

30 CFR 250.106(a) - Oral approvals (gas flaring)

To reduce but substantially comply with the requirements of this regulation as it applies to oral gas flaring requests and approvals, you are only required to submit a written summary letter within 10 days of the cessation of the orally approved flaring. This letter should report the days and hours flared; volumes of gas flared; and condensate, crude oil, and water produced. You must keep a copy of this operator flaring summary letter at the platform as a record of approval for review by our inspectors. This change in procedures applies only to oral gas flaring requests and approvals. Oral requests and approvals concerning other MMS requirements and functions are still subject to 30 CFR 250.106(a). You must continue to submit your request, and we must approve it, before you can perform associated liquid hydrocarbon burning.

30 CFR 250.1102(a) - Oil and gas production rates (MER)

You must continue to classify producing reservoirs as sensitive or nonsensitive. Current regulations require you to submit reservoir data for sensitive reservoirs on Form MMS-127, Request for Reservoir Maximum Efficient Rate (MER), along with appropriate supporting information. However, we no longer require you to complete data element numbers 110 through 114, 119, and 120, and request an MER rate. You must continue to request prior approval for production from a well completed in the gas cap of a sensitive reservoir. To revise reservoir parameters at least once each year, or sooner if reservoir development changes reservoir interpretation, you must submit Form MMS-127. Instead of MER balancing under 30 CFR 250.1102(a)(5), we will set and approve maximum production rates (MPRs) only when we determine it is necessary to shut in or limit production from certain well completions in a sensitive gas-cap reservoir to maximize recovery of hydrocarbons, as outlined below.


30 CFR 250.1102(b) - Oil and gas production rates (MPR)

Current regulations require you to submit well test data on Forms MMS-126, Well Potential Test Report and Request for Maximum Production Rate (MPR), along with appropriate supporting information, and MMS-128, Semiannual Well Test Report. However, on Form MMS-126 we no longer require you to complete data item numbers 91 and 110 through 114 and request an MPR. We will no longer approve MPRs for every producing well completion in the Gulf of Mexico under 30 CFR 250.1102(b). We do retain the authority to set maximum production rates for individual well completions if necessary to ensure natural resources conservation and to maximize ultimate recovery. We will base these specific approved MPRs on well tests and any limitations imposed by well and surface equipment, sand production, gas-oil and water-oil ratios, location of perforated intervals, and prudent operating practices. Your well potential and semiannual well tests should continue to be representative of a well completion's producing characteristics and consistent with 30 CFR 250.1101(a). They should not be exceeded except by temporary production rates resulting from normal variations and fluctuations.

Paperwork Reduction Act of 1995 Statement: The collection of information referred to in this NTL provides clarification, description, or interpretation of requirements in 30 CFR Part 250, Subparts A and K. The Office of Management and Budget (OMB) has approved the information collection requirements in these regulations and associated forms. The OMB control numbers are: 1010-0030 for Subpart A, 1010-0041 for Subpart K, 1010-0017 for Form MMS-128, 1010-0018 for Form MMS-127, and 1010-0039 for Form MMS-126. This NTL does not impose additional information collection requirements subject to the Paperwork Reduction Act of 1995.

If you have any questions concerning this NTL, please contact:

Mr. Stephen Dessauer at (504) 736-2646, or
Mr. Charles Nixdorff at (504) 736-2909.



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