

**UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF SAFETY AND ENVIRONMENTAL ENFORCEMENT
GULF OF MEXICO OUTER CONTINENTAL SHELF (OCS) REGION**

NTL No. 2015 G-01

Effective Date: June 9, 2015

**NOTICE TO LESSEES AND OPERATORS OF FEDERAL OIL, GAS, AND SULPHUR
LEASES ON THE OUTER CONTINENTAL SHELF,
GULF OF MEXICO REGION**

Time Between Drilling Operations

This Notice to Lessees and Operators (NTL) is issued pursuant to the Bureau of Safety and Environmental Enforcement's regulations under 30 CFR 250.103 and 30 CFR 250.180(e). It provides guidance and clarification in response to recent questions from the offshore oil and gas industry regarding the granting of more than 180 days between drilling operations on leases continued beyond their primary terms.

The Outer Continental Shelf Lands Act (OCSLA) and its implementing regulations call for diligent exploration, development, and production on offshore leases. Accordingly, the implementing regulations include criteria for extending lease terms when approved lease holding operations such as drilling are conducted. BSEE understands and appreciates that operating conditions may be encountered that warrant extending the time to resume operations in the Gulf of Mexico Region, such as when drilling deepwater wells under certain reservoir conditions. This NTL sets forth specific criteria under which the time allowed between identified drilling operations may be extended up to an additional 90 days, with a sufficient showing. Requests made pursuant to and consistent with this NTL will receive prompt and careful consideration.

While 30 CFR 250.180(e) pertains to all lease holding operations (*i.e.*, drilling, well-reworking, and production in paying quantities), this NTL only addresses the time needed to commence drilling a well in water depths greater than 500 feet, or in shallower water depths where a subsea BOP will be utilized, to appraise a discovery made in the prior well on your lease or unit. Offshore oil and gas industry representatives have asserted that additional time is needed between the drilling of such wells due to the time required to comply with new regulations and guidance, design complex wells, receive plan and permit approvals, and commence drilling.

Pursuant to 30 CFR 250.180(d), you are allowed 180 days to resume operations after you stop conducting lease holding operations on leases held beyond their primary terms. However, 30 CFR 250.180(e) states:

“You may ask the Regional Supervisor to allow you more than 180 days to resume operations on a lease continued beyond its primary term when operating conditions warrant. The request must be in writing and explain the operating conditions that warrant a longer period. In allowing additional time, the Regional Supervisor must determine that the longer period is in the National interest, and it conserves resources, prevents waste, or protects correlative rights.”

Pursuant to 30 CFR 250.180(e), BSEE will consider such requests on a case-by-case basis, and the requests may be approved when it is demonstrated to BSEE's satisfaction that granting more than 180 days is in the National interest, an operating condition exists that warrants a longer period, and the longer period would conserve resources, prevent waste, or protect correlative rights. The request must be submitted in writing to the appropriate Regional Supervisor as soon as you identify an operating condition that warrants additional time as provided in this NTL, but in any case before the end of the 180-day period. The request must indicate the length of time being requested to begin drilling the next well and provide an explanation with reasons for the operating conditions that warrant a longer period. Extensions granted pursuant to the parameters outlined in this NTL will not exceed 90 days. Restricting the time allowed to a total of 270 days between the identified drilling operations serves to promote diligence in the primary term and promote orderly delineation, development, and production to the satisfaction of BSEE, and thus would satisfy the requirements of 30 CFR 250.180(e). In addition, your request should include the following:

- General explanation as to why the 180-day period is not sufficient to begin drilling the next well,
- Description of the steps taken in an attempt to acquire approval of the required plans and/or permits and to commence the drilling operation within the 180-day period (*i.e.*, demonstration of diligence during the 180-day period),
- Confirmation that all required plans and permits were filed within the 180-day period,
- Evidence that the next well will be drilled (*e.g.*, Authorization For Expenditure),
- Description of the drilling operation that will be conducted,
- Identification of the drilling rig under contract to drill the well,
- Description of the steps needed to commence the drilling operation,
- Explanation of how approval for more than 180-days will conserve resources, prevent waste, or protect correlative rights,
- Explanation of why additional time to begin drilling the next well would be in the National interest, and
- Evidence of a discovery in the prior well (*e.g.*, well logs).

For the purpose of this NTL, you may meet the "operating condition" requirement by demonstrating to the satisfaction of the Regional Supervisor that the results of the previous well operations unexpectedly require one of the following before the drilling of the next well:

- 1) Either a level 2 determination (*i.e.*, fluid gradient analysis and/or broaching analysis) or a level 3 determination (*i.e.*, cap and flow analysis) after completion of the Well Containment Screening Tool, or
- 2) A new, revised, or supplemental Exploration Plan, Development Operations Coordination Document, or Development and Production Plan.

Regarding the remaining terms used in this regulation, "National interest" will be determined by BSEE, consistent with the Outer Continental Shelf Lands Act, taking into consideration the information requested above. For further guidance, see the Statoil Gulf of Mexico LLC, 42 OHA 261 (May 31, 2011) decision, which included a discussion of the "national interest"

standard. The terms “waste” and “correlative rights” are defined in 30 CFR 250.105. For the purpose of this NTL, you may meet the “conserves resources” criteria by demonstrating that, following a discovery on your lease or unit in the prior well, the additional time sought would allow you to ascertain the optimal well design, location, and number of wells to properly appraise the discovered resources on the lease or unit.

Note that Suspensions of Production (SOP) and Suspensions of Operations (SOO) are the primary method of extending leases beyond their primary terms when no leaseholding operations are being performed. BSEE does not intend for 30 CFR 250.180(e) to be utilized as a substitute for the SOP or SOO regulations. Note also that you are encouraged to begin drilling early in the primary term so as to avoid the need for additional time between drilling operations, and any need to acquire seismic data, excluding shallow hazards surveys, before the submittal of a required plan or permit will not be considered as part of a valid justification for a longer time period under this regulation. Lastly, nothing in this NTL precludes operators from submitting requests for more than 180-days between operations pursuant to 30 CFR 250.180(e) based on other circumstances.

Guidance Document Statement

The BSEE issues NTLs as guidance documents in accordance with 30 CFR 250.103 to clarify or provide more detail about certain BSEE regulatory requirements and to outline the information you must provide in your various submittals.

Paperwork Reduction Act of 1995 (PRA) Statement

The information in this NTL is intended to provide clarification, description, or interpretation of requirements contained in 30 CFR 250, Subpart A. The Office of Management and Budget (OMB) has approved the information collection requirements for this regulation and assigned OMB Control Number 1014-0022. This NTL does not impose any additional information collection subject to the Paperwork Reduction Act of 1995.

Contact

For information or questions regarding this NTL, please contact the Regional Supervisor for the Office of Production and Development at (504) 736-2675.



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