

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

2018 NTL-No.N03

Effective Date: October 1, 2017
Expiration Date: September 30, 2018

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) 2018

The purpose of this NTL is to inform you that the Office of Natural Resources Revenue (ONRR) will collect inspection fees from you for FY 2018 as required by Division G, Title 1, Section 107 of the Consolidated Appropriations Act, 2018 (Public Law 115-141), on behalf of the Bureau of Safety and Environmental Enforcement (BSEE).

ONRR will collect inspection fees from the designated operators of facilities above the waterline, excluding drilling rigs, that were in place at the start of FY 2018. For drilling rigs (see definition below), ONRR will collect inspection fees from the designated operators for all inspections completed during FY 2018, commencing on the first day of the Federal fiscal year (October 1, 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 operators of facilities above the waterline, excluding drilling rigs, that were in place at the start of FY 2018, and of drilling rigs that were inspected through March 2018.

Background

The Consolidated Appropriations Act, 2018 (Division G, Title 1, Section 107 of Public Law 115-141, March 23, 2018, 132 Stat. 348) provides:

OUTER CONTINENTAL SHELF INSPECTION FEES

Sec. 107. (a) In fiscal year 2018, 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 2018 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 2018. Fees for fiscal year 2018 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 non-refundable inspection fees from the designated operators 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 2018, and from drilling rigs for all inspections completed in FY 2018. These fees will be deposited in the “Offshore Safety and Environmental Enforcement” account.

Definitions (for Purposes of this NTL Only)

Active Wells: Any well currently in a 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 or an individual 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 or 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 a 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, or a well that has permanent plugs installed but that has not fully met the decommissioning requirements under 30 CFR 250.1716.

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 2018 (October 1, 2017). You will receive payment instructions with the bill from ONRR. ONRR will accept Automated Clearing House (ACH), Fedwire, and Pay.Gov payments. To submit an electronic payment, go to 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

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Date: 05-18-2018

/S/ Douglas W. Morris
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