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MMS DEVELOPS GUIDELINES FOR SUSPENDING PRODUCTION, OPERATIONS

The U.S. Department of the Interior's Minerals Management Service (MMS) today announced revised guidelines for obtaining Suspensions of Production (SOP) and Suspensions of Operations (SOO). MMS issued the guidelines in a Letter to Lessees and Operators (LTL). The letter provides an overview of the regulations governing SOPs and SOOs, as well as policies designed to provide flexibility to lessees and encourage the exploration and development of Outer Continental Shelf (OCS) leases. MMS previously issued guidelines for granting SOPs due to uneconomic market conditions and an LTL for granting SOOs for rig delays and lack of rig availability.

"I think one of the most significant changes at MMS over the last three years has been the bureau's commitment to work with industry in developing regulations and guidelines that make sense," said MMS Director Cynthia Quarterman. "It is important that our guidelines keep pace with the industry and reflect current technology and practices. Industry also requested more flexibility under certain circumstances while continuing to conduct safe operations and maintain environmental protections. The changes we're announcing today are another byproduct of that ongoing dialogue."

MMS had invited companies and industry groups to submit written comments on all aspects of the program and participate in public meetings MMS organized. Last November, for example, MMS held a workshop at its New Orleans office to discuss the suspension program and related issues. This LTL addresses many of the issues raised by those comments.

"This new LTL clarifies our ability to grant SOPs to give the lessee time for geophysical acquisition and analysis," said Quarterman. "If the lessee is committed to developing the lease, we can grant an SOP that includes enough time for a program of seismic work designed to select a location for an additional development well, improve structural location, or site an additional well needed to properly size production facilities."

Quarterman added that MMS will continue an earlier policy of granting an SOP due to uneconomic market conditions, with the aim of preventing both premature abandonment of the lease and loss of recoverable resources. Suspensions of Operations will be granted for rig delays and lack of rig availability or for reasons beyond the lessee's control, such as unexpected bad weather.

"These changes, though, don't only help industry," Quarterman concluded. "In the long run, they benefit everyone by helping to make certain our offshore natural gas and oil resources are developed wisely and in an environmentally sound manner."

MMS is the federal agency that manages the Nation's natural gas, oil and other mineral resources on the OCS, and collects, accounts for, and disburses about \$4 billion yearly in revenues from offshore federal mineral leases and from onshore mineral leases on federal and Indian lands.

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MMS Internet website address: <http://www.boem.gov>
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Additional Information: [Suspension of Production/Operations Program Overview](#)