

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

NTL No. 2006-G02

Effective Date: February 10, 2006

Expiration Date: February 28, 2008

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

**Suspensions of Operations Based on Rig Delays, Lack of Rig Availability
and Procurement of Long Lead Equipment**

This Notice to Lessees and Operators (NTL) is issued pursuant to 30 CFR 250.103 and 30 CFR 250.175(a) to provide guidance to our existing authority for approving requests for lease or unit Suspensions of Operations (SOO's) based on rig delays and to implement a temporary policy for granting SOO's based on a lack of rig availability and for unanticipated time frames needed to secure long lead equipment such as high pressure/temperature tubulars and wellheads.

In accordance with the Outer Continental Shelf (OCS) Lands Acts, regulations, and current policy, the Department expects lessees to explore and commence development within the primary term of any OCS lease. However, pursuant to 30 CFR 250.175(a), the Regional Supervisor may grant an SOO when necessary to allow you time to begin drilling or other operations when you are prevented by reasons beyond your control such as unexpected weather, unavoidable accidents, or drilling rig delays. In general, SOO's are short in duration.

Currently, pursuant to 30 CFR 250.175(a), an SOO may be granted to extend the term of a lease when a drilling rig was contracted and scheduled to begin leaseholding operations prior to the lease expiration but due to reasons beyond your control, the rig was delayed. When considering an SOO request based on a rig delay, it is expected that no other rig options are available; therefore, any delay in the rig release date should be short term. It is expected that you have an approved plan (e.g., EP, DPP, etc.) and an approved APD. Likewise, MMS may approve SOO's when you can demonstrate that long lead equipment was contracted and scheduled to arrive in time to commence a lease holding operation prior the lease expiration date but was delayed for reasons beyond your control. In addition, any SOO request must include:

- (1) verification that a rig or a long lead equipment contract has been executed,

- (2) the original date before lease expiration the rig or long lead equipment was expected to arrive on the lease,
- (3) full details explaining the delay,
- (4) the new anticipated date for the rig or long lead equipment to arrive on location, and
- (5) the expected date operations will commence.

In addition to the delays as described above, an SOO request may be approved under a temporary policy established by this NTL when you can demonstrate to MMS's satisfaction that a timely search has resulted in a total lack of rigs capable of drilling prior to lease expiration. In such a case, an SOO will be considered to allow time for the first available rig to commence operations, provided a drilling contract has been executed prior to lease expiration. The SOO request must include:

- (1) full details, with supporting documentation, demonstrating that a timely rig search was performed,
- (2) verification that a rig contract has been executed prior to lease expiration, and
- (3) the anticipated date for the rig to arrive on location and commence operations.

Likewise, under this temporary policy, MMS may approve SOO's when you can demonstrate that timely attempts to secure long lead equipment needed for the commencement of leaseholding operations prior to lease expiration were unsuccessful. MMS encourages you to contact our office upon learning that your "timely attempts" were not sufficient. In such cases, before an SOO can be granted, a contract must have been executed for the timely delivery of the long lead equipment and the request must include the expected delivery date and an explanation why such equipment will not be delivered prior to lease expiration. Late attempts to secure a drilling rig contract or long lead equipment will not be justification for an SOO approval.

In all cases, SOO requests must be received by the MMS prior to lease expiration. Late permit filings (e.g., EP, APD, etc.) will not be justification for an SOO approval.

If you have any questions, please contact Kevin J. Karl at (504)736-2632, kevin.karl@mms.gov; or Ronald Konecni at (504)736-2661, ronald.konecni@mms.gov.

Paperwork Reduction Act of 1995 Statement

The information collection referred to in this NTL is intended to provide clarification, description, or interpretation of requirements contained in 30 CFR 250.175, suspension of operations. The Office of Management and Budget (OMB) has approved the information collection requirements in these regulations under OMB Control Number 1010-0114. This NTL does not impose additional information collection requirements subject to the Paperwork Reduction Act of 1995.

Chris C. Oynes [Original Signed]
Regional Director