

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

NTL No. 2003-G02

Effective Date: March 3, 2003

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

**Ultimate Recovery
Abandonment and Bypassing of Zones**

This Notice to Lessees and Operators (NTL) informs lessees and operators that the Minerals Management Service (MMS), Gulf of Mexico OCS Region (GOMR), Office for Production and Development will now be performing economic and conservation evaluations of requests to abandon producing zones and to bypass a zone upon the initial completion or recompletion. These evaluations will ensure that economic zones are not prematurely abandoned and confirm that no significant hydrocarbon bearing zones are being bypassed to the detriment of ultimate recovery. This NTL also specifies the average production rates above which additional information must be submitted before you abandon a zone pursuant to 30 CFR 250.1712(a), or recomplete to a new zone pursuant 30 CFR 250.613(c).

Under what conditions should I submit the following information before changing to a new zone or abandoning a zone?

Before you recomplete a well to a new zone or abandon a zone, you must submit a form MMS-124, Application for Permit to Modify (APM) (formerly Sundry Notices and Reports on Wells), along with supporting information, and receive approval from the appropriate District Supervisor. The MMS GOMR Office for Production and Development will perform a conservation evaluation of your APM when the production data from the most recent 3 months of production shows the completion producing at average rates in excess of 50 BOPD or 300 MCFD. To expedite the conservation evaluation and approval/denial of the APM, you may submit a partially completed APM with substantiating information demonstrating the lack of capacity from the completed zone for further profitable production. With this information, include a narrative of the reasons you are abandoning the zone and an economic analysis demonstrating that it is no longer economic to continue production. Provide the following engineering and geologic information to support your position:

- (1) Recent well test data
- (2) Latest 12 months of production data (oil, gas, water)
- (3) Pressure data
- (4) Structure map showing present conditions
- (5) Isopach map
- (6) Current and proposed wellbore schematic

However, you do not need to provide an economic analysis in cases where you can demonstrate that the current zone is no longer capable of flowing. Also, you do not need to provide an economic analysis if you have demonstrated in the narrative that the zone is being, or will be, efficiently depleted by another well or wells. In situations where you encounter mechanical problems while downhole work is being performed on the well, the District Supervisor will have the discretion to approve an uphole recompletion without the conservation review.

Under what conditions should I submit the following information when a hydrocarbon bearing zone is being bypassed during a zone change, zone abandonment, or initial completion?

If you propose to bypass a zone capable of meeting the producibility requirements addressed in 30 CFR 250.116(b)(4), submit a narrative of the reasons, along with an economic analysis, detailing why the zone is not planned for production. In addition, a structure map, isopach map, and any other data pertaining to the bypassed zone(s) should be included.

Who does the economic and conservation evaluations before changing to a new zone, abandoning a zone, or bypassing a hydrocarbon bearing zone?

The Development Unit, in the Office for Production and Development, of the MMS GOMR will perform the economic and conservation evaluations. In cases when you are submitting a partially completed APM along with the substantiating information,

submit to the attention of Mr. B. J. Kruse of the Development Unit at Mail Stop 5321. In cases where the MMS GOMR finds that it might be economic to continue production from the current zone or economic to produce a zone being bypassed, you will be given the opportunity to submit additional information and to discuss the findings with the Development Unit. Requests to abandon a partially depleted economic zone that meets the aforementioned production rate criteria will not be approved by the District Supervisor. Likewise, the District Supervisor will not approve an APM that would allow an economic reservoir to be bypassed.

When should I file this information with the Office for Production and Development?

Since the Development Unit must complete the conservation and economic evaluations before approving the APM, we encourage you to submit the information approximately 15 days prior to the date that the proposed operation is expected to commence.

If you have any specific question concerning this matter, please contact Mr. B. J. Kruse at (504) 736-2634.

Paperwork Reduction Act of 1995 (PRA) Statement: The collection of information referred to in this notice primarily provides clarification, description, or interpretation of requirements contained in 30 CFR 250, Subpart A (1010-0114), Subpart F (1010-0043), Subpart Q (1010-0142), and form MMS-124 (1010-0045). The Office of Management and Budget (OMB) has approved the collection of information required by these regulations and form MMS-124 and assigned the respective OMB control numbers shown in parentheses.
