

**UNITED STATES DEPARTMENT OF THE INTERIOR
MINERALS MANAGEMENT SERVICE**

NTL No. 2009-N13

Effective Date: December 2, 2009
Expiration Date: September 30, 2010

**NOTICE TO LESSEES AND OPERATORS OF FEDERAL OIL AND GAS LEASES
OUTER CONTINENTAL SHELF**

Inspection Fees for Fiscal Year 2010

The purpose of this Notice to Lessees and Operators and Pipeline Right-of-way Holders (NTL) is to inform you that the Minerals Management Service will be collecting inspection fees from you for fiscal year 2010 as required by Title 1, Section 115 of the Fiscal Year 2010 Department of the Interior, Environment, and Related Agencies Appropriations Act.

The MMS inspection fee covers all bottom founded structures and floating production facilities on the OCS as of the first day of the Federal fiscal year (October 1st) that are not DOT-regulated Right of Way accessory structures (i.e. pump and compressor structures associated with DOT transmission lines). All subsea completions are counted as wells delivering production to a central facility and not as individual facilities requiring a separate inspection fee. All structures in State waters that have bottom founded wells in Federal waters are not subject to the inspection fee. All MODU's are not subject to the inspection fee.

Background

Title 1 Section 115 of the Fiscal Year 2010 Department of the Interior, Environment, and Related Agencies Appropriations Act (Public Law 111-88, October 30, 2009) mandates that the Minerals Management Service (MMS) collect a non-refundable inspection fee for facilities on the Outer Continental Shelf as follows:

SEC. 115. OUTER CONTINENTAL SHELF INSPECTION FEES

- (a) In fiscal year 2010, the Minerals Management Service (MMS) shall collect a non-refundable inspection fee, which shall be deposited in the "Royalty and Offshore Minerals Management" account, from the designated operator for facilities subject to inspection by MMS under 43 U.S.C. 1348(c) that are above the waterline, except mobile offshore drilling units, and are in place at the start of fiscal year 2010.
- (b) Fees for 2010 shall be:
 - (1) \$2,000 for facilities with no wells, but with processing equipment or gathering lines;
 - (2) \$3,250 for facilities with one to ten wells, with any combination of active or inactive wells; and
 - (3) \$6,000 for facilities with more than ten wells, with any combination of active or inactive wells.

(c) MMS will bill designated operators within 60 days of enactment of this Act, with payment required within 30 days of billing.

To comply with this mandate, MMS shall collect a non-refundable inspection fee from the lessee operator or the designated operator for those facilities subject to inspection by MMS under 43 U.S.C. 1348(c) that are above the waterline, except mobile offshore drilling units (MODU), and are in place at the start of fiscal year 2010. This fee shall be deposited in the "Royalty and Offshore Minerals" account.

MMS will bill you by December 30, 2009, with payment required within 30 days of billing.

Definitions

Active Wells: Any well currently in the completed or temporarily abandoned status that has had a positive OGOR (Oil and Gas Operations Report) within the last 12 consecutive months.

Designated Operator: A company identified through documentation to MMS as the operator of all or a given portion of a lease and any structures residing on that lease/portion.

Gathering Lines: Pipelines and pumping units used to bring oil and gas production by separate lines from other leases or fields to a central point.

Inactive Wells: Any well currently in the completed or temporarily abandoned status that has not had a positive OGOR within a 12 consecutive month interval.

Lessee Operator: A lease holder that is also the operator of the lease.

Mobile Offshore Drilling Unit: (MODU) A marine drilling platform which is capable of being moved from one location to another. Semi-submersibles, jack-ups, drill ships, and drilling barges are all in this category, whereas fixed platforms are not.

Processing Equipment: This includes any equipment/device that handles oil and gas including compressors, separators, fired vessels, pumps, pipelines, headers, meters, well bays, and pressure vessels.

Temporarily Abandoned Well: This is a well that has a temporary plug installed in the well bore for the purpose of ensuring the proper future development and production of a lease.

Implementation

The MMS will base the amount of these fees on your facility inventory as of the first day of fiscal year 2010 (October 1, 2009) and will send a bill to you. You will receive payment instructions with the bill from Minerals Revenue Management. **You will not be able to use the Pay.Gov system to make these payments.**

Guidance Document Statement

The MMS issues NTL's as guidance documents in accordance with 30 CFR 250.103 to clarify, supplement, and provide more detail about certain MMS requirements and to outline the information you provide in your various submittals. Under that authority, this NTL sets forth a policy on and an interpretation of a regulatory requirement that provides a clear and consistent approach to complying with that requirement. However, if you wish to use an alternative approach for compliance, you may do so, after you receive approval from the appropriate MMS office under 30 CFR 250.141.

Paperwork Reduction Act of 1995 Statement

This NTL does not impose information collection requirements subject to the Paperwork Reduction Act of 1995.

Contact

Please contact Robert Prael by e-mail at Robert.Prael@mms.gov or by telephone at 303-231-3217 if you have questions regarding this NTL.



Chris C. Oynes
Associate Director for
Offshore Energy and Minerals Management