

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

NTL No. 99-G19
Effective Date: September 7, 1999

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

Downhole Commingling Policies

This Notice to Lessees and Operators (NTL) supersedes the Letter to Lessees and Operators dated April 24, 1995, on this subject. It updates the regulatory citation, makes minor technical amendments, and includes a statement on the Paperwork Reduction Act of 1995.

The purpose of this NTL is to convey to you the changing policies and procedures of the Gulf of Mexico OCS Region (GOMR) regarding downhole commingling of production from separate reservoirs in a wellbore as addressed in 30 CFR 250.1106 (formerly 30 CFR 250.176). These evolving policies are a direct result of the changing economic, technological, and operating environments present in today's offshore development and production activities.

In the past, the policy of the GOMR in considering downhole commingling applications has, in large part, focused on maximum limits for estimated recoverable reserves present in the subject reservoirs. Recognizing the ever-increasing costs encountered in offshore operations, particularly in deepwater areas, we have moved away from using specific reserves limits as a primary criterion for decisions on downhole commingling requests. Although our position still holds that very large reserves are not usually good candidates for downhole commingling, our general range for acceptable reserves has increased significantly. In addition, our present policies allow us to consider the influence of well, platform, and field life and the condition of the existing infrastructure on commingling proposals.

The GOMR now focusses primarily on the issues of maximizing ultimate recovery and preventing waste of natural resources. Specific considerations upon which we now concentrate our review include significant pressure differentials between the reservoirs, existing or potential water production from either or both zones, well designs that allow a potential water-producing sand to be plugged later, and the possible risks of commingling production from a small sand with that from a very large sand.

The GOMR is committed to working and communicating with operators regarding this issue and to maintaining as much flexibility as possible in our review policies and procedures.

Paperwork Reduction Act of 1995 Statement

This NTL refers to the collection of information for requirements under 30 CFR 250, Subpart K. The Office of Management and Budget (OMB) approved this collection of information and assigned OMB control number 1010-0041. This NTL does not impose additional information collection requirements subject to the Paperwork Reduction Act of 1995.

Contact

If you have any questions or comments regarding this NTL, please contact Ms. Fran Wiseman at (504) 736-2912 or Mr. Stephen Dessauer at (504) 736-2646.

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