

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

NTL No. 93-2N

October 6, 1993

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

**Liability of Assignors, Assignees, and Colessees for  
Plugging of Wells and Removal of Property on Termination of  
an Outer Continental Shelf Oil and Gas Lease**

This Notice to Lessees and Operators (NTL) is provided pursuant to the authority prescribed in 30 CFR §§ 250.4, Jurisdiction, and 256.1, Purpose. This NTL is also based upon the provisions of 30 CFR § 250.8, Designation of operator; 30 CFR Part 250, Subpart G, Abandonment of Wells, particularly provisions of §§ 250.110, General requirements, 250.112, Permanent abandonment, 250.114, Site clearance verification, and 250.143, Platform removal and location clearance; 30 CFR § 256.62, Assignment of leases or interests therein; and section 22 of the lease agreement which pertains to removal of property on termination of the lease.

Recent efforts by OCS lessees and operators seeking protection under Federal bankruptcy laws have resulted in colessees and previous lessees (assignors) being called upon to perform obligations that the designated operator or assignee was obliged to undertake under 30 CFR § 256.62(e), such as plugging lease wells.

The governing rules, including 30 CFR § 256.62, which were promulgated originally by *Federal Register* Notice dated June 29, 1979 (44 FR 38276), provide in subsection 256.62(d) and (e) that—

"(d) The assignor shall be liable for all obligations under the lease accruing prior to the approval of the assignment."

"(e) The assignee shall be liable for all obligations under the lease subsequent to the effective date of an assignment, and shall comply with all regulations issued under the Act."

The obligations to plug and abandon wells, remove platforms and other facilities, and to clear the seafloor of obstructions accrue when a well is drilled or used, a platform or other facility is installed or used, or an obstruction is created. These obligations continue until the procedures specified in 30 CFR Part 250, Subpart G, Abandonment of Wells, are followed.

Following MMS approval of the assignment of an OCS oil and gas lease, the assignor continues

to be liable to DOI/MMS for the performance of these obligations with respect to wells, structures, or obstructions in existence and not plugged or removed at the time of the assignment.

The assignor and assignee may enter into agreements assigning responsibility for performance of lease abandonment and clearance, but Federal regulations rather than such agreements govern responsibility to DOI/MMS.

The MMS looks first to the designated operator to perform these obligations. Should the operator be unable to perform the lessee's obligations to plug and abandon wells, remove platforms and other facilities, and clear the seafloor of obstructions, MMS will normally require any or all of the lessee(s) to perform the activities necessary to bring about compliance. If there is no lessee able to perform, MMS will require prior lessees who held the lease during or after the time when the facilities were installed or the obstructions created to perform those functions. The MMS is not authorized or funded to assume responsibility for these obligations.

10/6/93  
Date

(Sgd.) Tom Fry  
Director, Minerals Management Service