

UNITED STATES DEPARTMENT OF THE INTERIOR
MINERALS MANAGEMENT SERVICE

89-05

September 29, 1989

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

**Timelapse in Exploratory Drilling Operations Not to Exceed 180 Days
for Deepwater (400 Meters or Deeper) Leases**

This Notice to Lessees and Operators (NLT) implements the Director's authority pursuant to 30 CFR 250.13(b) to approve time periods between operations not to exceed 180 days from the date of the last exploratory drilling operations. Section 250.13(b) states:

Notwithstanding the limitations of paragraph (a) of this section, the Director may approved such other time periods between operations, not to exceed 180 days from the date of the last production, drilling, or well-reworking operations. . . .

It has become evident that a time period of 180 days is appropriate between drilling operations that are considered continuous exploratory drilling operations to continue a deepwater (400 meters or more) lease beyond its primary term pursuant to 30 CFR 250.13. The lessees of these high-risk/high-cost OCS leases need up to 180 days to better deal with limitations on drilling equipment availability and scheduling and the need to use state-of-the-art geological and geophysical techniques to permit the use of the best scientific data and information available in the selection of the optimum structural, stratigraphic, and geographic location.

Accordingly, in order to provide for efficient and orderly exploration and development of OCS leases embracing lands in water greater than 400 meters deep, a period of time between exploratory drilling operations not to exceed 180 days from the date of completion of one exploratory well and the commencement of the next exploratory well is approved. Thus, for deepwater leases (400 meters or greater), exploratory drilling operations during which no more than 180 days lapse between the completion of one well and the commencement of the next exploratory well will continue a lease beyond its primary term. The time period allowed between production and well-reworking operations, which continues a deepwater lease beyond its primary term, is unchanged (i.e., it remains 90 days).

This NTL is effective upon approval by the Director and will remain in effect until canceled or superseded.

[Signed] Barry A. Williamson Date: September 29, 1989
Director, Minerals Management Service

**NEWS
RELEASE**

**MMS GULF OF MEXICO OCS REGION
U.S. DEPARTMENT OF THE INTERIOR/MINERALS MANAGEMENT SERVICE**

**MMS Allows More Time Between
Exploratory Wells
for Deepwater Offshore Leases in the Gulf**

The Interior Department's Minerals Management Service (MMS) announced today that it will allow operators of deepwater (400 meters or more) offshore oil and gas leases in the Gulf of Mexico up to 180 days between exploratory drilling operations, rather than 90 days as previously allowed. The provision, described in Notice to Lessees and Operators (NTL) 89-5, applies to leases that continue beyond their primary lease terms.

"The number of rigs capable of drilling wells in very deep water is limited, and operators sometimes must wait for the equipment to become available," explained MMS Director Barry A. Williamson. "Deepwater exploration also requires a whole range of scientific and technical considerations that aren't necessary in shallower water. It simply takes more time."

When leases are awarded, a specific term is set (usually 8 or 10 years for deepwater tracts); the lease may remain in effect if exploration has begun by the end of the specified term and as long as exploration or production activity is continuous. Under the new provision, exploration activities will be considered continuous if no more than 180 days elapses between the completion of one well and the commencement of another.

"As Gulf of Mexico leases move further offshore and into deeper water, more and more operators would have been required to apply for extensions or relinquish their leases," Williamson said. The 180-day provision will make the continuation of promising operations easier and ultimately contribute to our goal of enhanced domestic energy production."

NTL 89-5 applies only to time lapses between exploratory well drilling; the time period allowed between production and well-reworking activities on a lease extended beyond its primary term remains 90 days.

