

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

NTL No. 98-14N

Effective Date: July 1, 1998

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

Conservation Information

This Notice to Lessees and Operators (NTL) supersedes NTL 96-6N. The Minerals Management Service (MMS) is reissuing this NTL to update the regulatory citations and to include a statement regarding the Paperwork Reduction Act of 1995.

This NTL describes how MMS will obtain conservation information about Gulf of Mexico OCS Region (GOMR) deepwater or subsea development projects early in the planning phase. The MMS will use this information to ensure development of economically producible reservoirs in accordance with sound conservation, engineering, and economic practices as cited in 30 CFR 250.202(a) and 250.1101(a) before you commit or expend substantial funds. The MMS will obtain the necessary information as part of the approval process for Supplemental Plans of Exploration (SPOE) and Initial and Supplemental Development Operations Coordination Documents (DOCD).

If you are contemplating developing a lease or leases located in water depths greater than 1,000 feet, we require that you provide the conservation information listed below in a separate document with your SPOE or DOCD in accordance with 30 CFR 250.203(b)(21) or 30 CFR 250.204(b)(17). This will assist MMS in determining that predevelopment or development activities proposed after the initial exploration program are in accordance with MMS's mandate to conserve resources. You must also submit the information for development scenarios involving subsea wells, regardless of water depth. Development scenarios which will use conventional steel-piled jacket platforms are exempt from this early conservation review.

The following proprietary information, to the extent that it is available, shall be submitted to the Regional Supervisor for Field Operations for each penetrated, hydrocarbon-bearing reservoir which would qualify a well as capable of producing in paying quantities under 30 CFR 250.111:

- A. Estimate of original oil and gas in-place and anticipated recoverable reserves;
- B. Reservoir development strategies or a statement that the reservoir is not planned for development;
- C. Project-specific economic justification, including risk assessment, consistent with your internal evaluation if the reservoirs not planned for development;

D. Structure maps, the penetration point and subsea depth for each well penetrating the reservoir, fluid contacts or the lowest or highest known levels in the absence of actual contacts, reservoir boundaries, and the scale of the map;

E. Interpreted structural cross sections and corresponding full-scale interpreted seismic lines or block diagrams, as necessary, which include all current wellbores and planned wellbores on the leases to be developed; the reservoir boundaries, gas/oil/water contacts, depth scale, and stratigraphic positions should be included on the cross sections;

F. Isopach maps of each reservoir showing the net feet of pay for each well within the reservoir identified at the penetration point, along with the well name, labeled contours, and the correct scale of the map;

G. Appropriate well logs;

H. Appropriate pressure data, specified by date, and whether estimated or measured; and

I. Any other appropriate data used in performing your reservoir evaluations and preparing your reservoir development strategies.

Submit only that reservoir and geologic information that has changed; reference all other information that has been submitted in a previous POE or DOCD.

We understand that the formulation of reservoir development plans involves the analysis of numerous complex and uncertain factors. We further understand that different parties may use different assumptions concerning matters such as price forecast, risk tolerance, marginal cost of capital, discount rate, inflation factors, and the like. It is not our intent to require the development of uneconomic reservoirs.

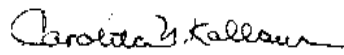
You are encouraged to submit this SPOE or DOCD conservation document as early as practical and/or request an informal meeting(s) or presentation(s) when capital investments could be affected by MMS conservation decisions. When this conservation document is submitted separately, prior to the submission of the complete SPOE or DOCD, the Regional Supervisor will provide a timely written response indicating acceptability concerning conservation issues.

The GOMR will review this NTL and its application this year.

Paperwork Reduction Act of 1995 Statement: This Act (44 U.S.C. 3501 et seq.) requires us to inform you that MMS collects the information required, or referred to, in this NTL to ensure development of economically producible reservoirs in accordance with sound conservation, engineering, and economic practices. Responses are mandatory. Proprietary data are covered under 30 CFR 250, subpart A. We estimate the public reporting burden to average 580 hours for an SPOE or a DOCD, including the time for

reviewing instructions, gathering and maintaining data, and completing and reviewing the information. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid Office of Management and Budget (OMB) control number. The OMB has approved this collection of information under OMB control number 1010-0049. Direct comments regarding the burden estimate or any other aspect of this collection of information to the Information Collection Clearance Officer, Mail Stop 4230, Department of the Interior, Minerals Management Service, 1849 C Street, N.W., Washington, D.C. 20240; and to the Office of Management and Budget, Office of Information and Regulatory Affairs, Attention: Desk Officer for the Department of the Interior (1010-0049), Washington, D.C. 20503.

This NTL is also on the MMS worldwide website at <http://www.mms.gov>.



Dated: 27 May 1998

Carolita Kallaur
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