

**UNITED STATES DEPARTMENT OF THE INTERIOR
GULF OF MEXICO OCS REGION**

NTL No. 2014-G02

Effective Date: November 20, 2013
Expiration date: November 20, 2018

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

Designation of Operator of an OCS Oil and Gas or Sulphur Lease

This Notice to Lessees and Operators (NTL) supersedes NTL No. 2008-G19 (dated October 2, 2008). This NTL describes when and how to create or change a Designation of Operator (DOO) that involves record title or operating rights to a lease, or an individual well or multiple wells, and clarifies that Form BOEM-1123 is used only for designating operators of leases, portions of leases, and/or wells. The Bureau of Ocean Energy Management (BOEM) does not approve or monitor platform operatorship or lease term pipeline operatorship. This NTL also clarifies that a service fee is required only for changes to a DOO.

Authority and Background

The BOEM regulations at 30 CFR 550.143(a) require you to submit a DOO using Form BOEM-1123, unless you are the only lessee and are the only person conducting lease operations. The BOEM Gulf of Mexico OCS Region (GOMR) must approve Form BOEM-1123 before the designated operator may begin operations on the leasehold. When the BOEM GOMR approves a DOO, the designated operator becomes responsible for all wells that have a bottom hole located within the described lease, aliquot part(s), and/or depths described in Form BOEM-1123.

Designation of Operator or Changes to a Designation of Operator

You should use the following guidance to submit a DOO or a change to a DOO affecting an OCS oil and gas or sulphur lease located in the GOMR:

1. To designate an operator of a lease for the first time, to change a DOO, or when a DOO terminates, each affected lessee must submit Form BOEM-1123 designating a new operator. The affected lessees are (1) all record title owners and (2) all of the operating rights owners who hold operating rights in the aliquot(s) and depth(s) affected by the designation.

2. In cases where multiple affected lessees must submit Forms BOEM-1123, BOEM will not approve the DOO without all of the required Forms BOEM-1123. Where there are multiple affected lessees, all of the signed Forms BOEM-1123 must be submitted to the BOEM GOMR as one package. This will ensure that the DOO will be processed in a timely fashion. The BOEM GOMR does not accept partial filings from multiple parties and will not approve the designation until all of the required designations are properly executed and filed.
3. If a DOO applies to the whole lease, use the legal description of the lease on Form BOEM-1123. If a lease segregation or partial relinquishment results in a change to the legal description of a lease, you should use the resulting legal description. Map information is not required, but if used, it must be correct.
4. If the designation applies only to a portion of a lease, BOEM requests that you do not use the language “All of block, less and except,” but that you describe the portion in aliquot parts using $\frac{1}{2}$ and $\frac{1}{4}$ descriptions only. You should not describe other parts identified by $\frac{3}{4}$ or $\frac{1}{3}$. The smallest aliquot part that you can use to designate is $\frac{1}{4} \frac{1}{4} \frac{1}{4}$ of a lease block, e.g., NW $\frac{1}{4}$ NW $\frac{1}{4}$ NE $\frac{1}{4}$.
5. The legal description on Form BOEM-1123 should include all parts of the lease and/or wells to be operated by a particular operator, in relation to all parts of the lease and/or wells owned by the affected lessee making the designation. A lessee may not designate an operator for an aliquot or depth greater than that owned by the lessee making the designation.
6. A DOO may contain a depth-limitation applicable to either the entire lease or to an aliquot part. If you specify a depth limitation, all active wells with original bottom hole depths (not the plugged-back or producing depth) located within such depth-limitations will be included in the DOO. Depth limitations should be described using Total Vertical Depth Sub Sea (“TVDSS”).

Depth limitations that are described by measured depth, stratigraphic equivalent, and/or that recite information from well logs are considered “non-conforming” depth measurements and are acceptable only when an operating rights tract was previously approved by BOEM based on non-conforming depth measurements. When designating an operator in connection with such an operating rights tract, you should use the same non-conforming depth measurements used in the BOEM- approved operating rights tract. When designating an operator of a new operating rights tract that will be contiguous to a previously BOEM-approved operating rights tract, the depth of the new tract that will abut the previously approved tract should be described using the same type of measurement method as used for the existing tract.

Designation of Operator of a Well or Multiple Wells

7. Well-specific DOOs should describe the smallest aliquot in which a well's original bottom hole is located, the well's name, and API number(s). If an API number(s) is not yet assigned, BOEM requests that you provide updated Forms BOEM-1123 when the API number(s) is assigned.

Completion and Submittal of Form BOEM-1123

You should follow these guidelines when completing and submitting Form BOEM-1123.

8. Each company's name should match exactly the company's name as reflected in its BOEM qualification file, including case and punctuation.
9. Each designation should be executed by a signatory authorized to sign DOOs as reflected in the company's BOEM qualification file.
10. You should type the name and title of each signatory under each signature.
11. For each submittal, you should provide a cover letter requesting approval of the DOO and two originally signed Forms BOEM-1123 for each affected lessee.

Service Fees

The regulations at 30 CFR 550.143(d) provide that if you change the designated operator on your lease, you must pay the service fee listed in 30 CFR 550.125 with your request for a change in DOO. You do not need to submit the service fee if you are designating an operator of a newly-issued lease. You also do not need to submit the service fee if as a new BOEM-approved assignee of the lease, you are submitting Forms BOEM-1123 designating the current operator, with no changes.

A DOO submitted by multiple lessees is subject to only one filing fee.

You do not need to pay a service fee for submitting an update to Form BOEM-1123 to provide the API number for a well as provided in No. 7, above.

Guidance Document Statement

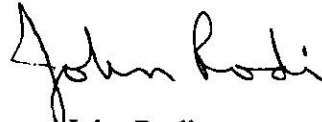
The BOEM issues NTLs as guidance documents in accordance with 30 CFR 550.103 to clarify and provide more detail about certain BOEM regulatory requirements and to outline the information you should provide in your various submittals. Under that authority, this NTL sets forth a policy on and an interpretation of a regulatory requirement that provides a clear and consistent approach to complying with that requirement. However, if you wish to use an alternate method for compliance, you may do so, after you receive approval from the appropriate BOEM office pursuant to 30 CFR 550.141.

Paperwork Reduction Act of 1995 (PRA) Statement

This NTL provides clarification, description, or interpretation of requirements in BOEM regulations at 30 CFR 550, Subpart A. The Office of Management and Budget (OMB) has approved the information collection requirements in those regulations and assigned OMB Control Number 1010-0114. This NTL does not impose additional information collection requirements subject to the PRA.

Contacts

If you have any questions regarding this NTL, please contact the BOEM GOMR Adjudication Section by telephone at (504) 736-2436.

A handwritten signature in black ink that reads "John Rodi". The signature is written in a cursive style with a large initial "J" and "R".

John Rodi
Regional Director