

**UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF OCEAN ENERGY MANAGEMENT
GULF OF MEXICO REGIONAL OFFICE**

BOEM NTL No. 2014-G02

Effective Date: November 20, 2013

Reissued: June 19, 2020

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

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

The Bureau of Ocean Energy Management (BOEM) is reissuing this Notice to Lessees and Operators (NTL) to comply with Executive Order (E.O.) 13891 of October 9, 2019, Promoting the Rule of Law Through Improved Agency Guidance Documents, and the Office of Management and Budget (OMB) Memorandum, M-20-02, implementing the E.O.

This NTL supersedes NTL No. 2008-G19 (dated October 2, 2008). It 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. 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 regulation at 30 CFR 550.143(a) requires you to submit a DOO using Form BOEM-1123, unless you are the only lessee and are the only person conducting lease operations. BOEM must approve your complete Form BOEM-1123 before the designated operator may begin operations on the leasehold. A designated operator is authorized to act on behalf of, and to fulfill the lease and regulatory obligations of, the lessee.

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 Gulf of Mexico:

1. Pursuant to 30 CFR sections 550.143 and 550.144, 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, you can help ensure the DOO will be processed in a timely fashion by submitting all of the signed Forms BOEM-1123 to BOEM as one package. BOEM will not accept partial filings from multiple parties and will not approve the designation until all of the required Forms BOEM-1123 are properly executed and filed.
3. If a DOO applies to the whole lease, you should 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, please ensure it is correct.
4. If the DOO applies only to a portion of a lease, BOEM recommends that you do not use the language “All of block, less and except,” but that you describe the portion to which the DOO applies 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 a $\frac{1}{4}$ $\frac{1}{4}$ $\frac{1}{4}$ 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 designated operator, but only 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 not 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 or stratigraphic equivalent, and/or that recite information from well logs are considered “non-conforming” depth measurements and should be used 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 regulation at 30 CFR 550.143(d) provides 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 the first operator for 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

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 recommended information to be provided in various submittals. Under that authority, this NTL sets forth policy on and interpretation of statutory, regulatory, lease, contractual, or plan approval provisions to provide a clear and consistent approach for complying with those provisions. If you wish to use an alternate method for compliance, you are encouraged to get feedback from BOEM staff on the adequacy of your proposal to comply with the regulation.

Except to the extent that provisions of this NTL derive from requirements established by statute, regulation or by a provision in the lease, they do not have the force and effect of law and are not meant to bind the public in any way. This NTL is intended only to provide clarity to the public regarding existing requirements under the law.

While this NTL includes recommendations and guidance, the recommendation and guidance provisions may be made mandatory through a lease stipulation or condition of approval from BOEM or the Bureau of Safety and Environmental Enforcement (BSEE). If you are issued a plan, permit or other authorization from BOEM or BSEE with a condition of approval, or a lease with a stipulation, requiring compliance with this NTL or identified portions thereof, you must implement those portions or all aspects of the NTL, if particular aspects are not singled out in the stipulation or condition of approval. Under such circumstances, you must implement and comply with the NTL (or identified portions thereof) regardless of whether the terms within the NTL would otherwise be a recommendation or request (e.g., use of the term “should” in the NTL will be considered “must” if required by the lease stipulation or condition of approval).

Paperwork Reduction Act of 1995 (PRA) Statement

This NTL provides clarification, description, and interpretation of requirements contained in 30 CFR 550, Subpart A. An agency may not conduct or sponsor a collection of information unless it displays a currently valid OMB Control Number. OMB has approved the information collection requirements in these regulations under OMB Control Number 1010-0114. This NTL does not impose additional information collection requirements subject to the Paperwork Reduction Act of 1995.

Contact

If you have any questions regarding this NTL, please contact the BOEM Adjudication Section at (504) 736-2436 or at boemadjudication@boem.gov.

Michael A. Celata
Regional Director, Gulf of Mexico Regional Office
Bureau of Ocean Energy Management
Department of Interior Regions 1, 2, 4 and 6