

**UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF OCEAN ENERGY MANAGEMENT, REGULATION AND
ENFORCEMENT**

NTL No. 2011-N05

Effective Date: June 29, 2011

**NATIONAL NOTICE TO LESSEES AND OPERATORS OF FEDERAL
OIL AND GAS LEASES, OUTER CONTINENTAL SHELF (OCS)**

**Procedure for Requesting Suspensions of Operations for Certain OCS Oil and Gas Leases
in the Gulf of Mexico**

Background and Purpose

This Notice to Lessees and Operators (“NTL”) is issued pursuant to 30 C.F.R. § 250.103 and implements the directive contained in the June 16, 2011, Memorandum from the Secretary of the Department of the Interior (“Secretary”) to the Director of the Bureau of Ocean Energy Management, Regulation and Enforcement (“BOEMRE”) (the “Extension Directive”). In the Extension Directive, the Secretary determined that a one-time, expedited process for lessees to request an extension for up-to one-year for deepwater leases in the Gulf of Mexico that satisfy certain enumerated criteria was justified under 30 C.F.R. §§ 250.172(b), (c), and (d) and 250.175(a). The Secretary’s determination was based on (1) the temporary suspension of certain drilling operations and of the processing of certain applications for permits to drill imposed last year (the “Suspension Directive”); (2) the time necessary for operators to comply with new informational, procedural, and prescriptive requirements, and clarifications of existing regulatory requirements, including safety requirements, issued following the Deepwater Horizon oil spill; and (3) the time necessary for operators and lessees to provide information relevant to Oil Spill Response Plans or environmental analyses as part of updating or revising Exploration Plans and Development Operations Coordination Documents.

Based on the reasons set forth in the Extension Directive and the authority of 30 C.F.R. §§ 250.172 and 175, the Director of BOEMRE has authorized the issuance of this NTL to inform lessees of the opportunity to use this one-time, expedited process for the extension of deepwater leases and to set forth guidance on how to do so.

Requests for Suspension of Operations

Under the one-time process described above, suspension requests are to be made pursuant to 30 C.F.R. §§ 250.168(a) and 171 and will be granted by the Regional Supervisor pursuant to 30

C.F.R. §§ 250.170(a) and (b), 172(b), (c), and (d), and 175(a) provided that the specific criteria contained in the Extension Directive are met. The reasons supporting suspensions under this process are set forth in the Extension Directive, and requests made in accordance with this NTL and that meet the criteria in the Extension Directive will be deemed to satisfy 30 C.F.R. § 250.171(a). In light of the retroactive nature of these suspensions, the fact that any suspension granted pursuant to this process will already have expired, and the unique circumstances underlying the justifications supporting these suspensions, requests made in accordance with this NTL and that satisfy the criteria in the Extension Directive need not provide the “reasonable schedule of work leading to the commencement or restoration of the suspended activity” generally required under 30 C.F.R. § 250.171(b).

Lessees intending to use the process described in this NTL must submit and BOEMRE must receive a signed request identifying the relevant lease and indicating satisfaction of all criteria identified herein by the earlier of the end of the lease term or 5:00pm CDT on July 29, 2011. Additional information beyond the identification of the lease and satisfaction of these criteria may be required under certain circumstances described below.

Attachment A to this NTL offers a suggested model that operators may use, at their election, to request a suspension under this process. However, use of this model is not mandatory. Whether or not the model is used, the lessee’s signed request must at a minimum identify the lease at issue by lessee company name, BOEMRE company number, lease serial number, lease area and block, and must indicate that the lease meets the following criteria:

- No oil or gas production on the lease as of May 15, 2011;
- The lease includes water depths in excess of 500 feet (*i.e.*, deepwater); and
- The lease is scheduled to expire on or before December 31, 2015.

Each request must be accompanied by proof of payment of the service fee required by 30 C.F.R. §§ 250.171(e) and 250.125 for each lease in the request. Parties who have been found, following an opportunity for hearing, to have committed a significant violation of applicable regulations or lease terms may be deemed ineligible to receive a suspension under the Extension Directive.

Pursuant to 30 C.F.R. § 250.171, BOEMRE must receive the request for suspension before the end of the lease term (*i.e.*, end of primary term, end of the 180-day period following the last leaseholding operation, or end of a current suspension). Requests pursuant to the Extension Directive and this NTL will not be granted unless the request from the lessee is received prior to the end of the lease term. If a lessee previously submitted a request for suspension of operations, including the required service fee, before the end of the lease term, the lessee may elect to pursue the expedited process described in this NTL in lieu of its original request by stating such intention in writing to BOEMRE, which can be done in conjunction with the signed request described above. Under such circumstances, the request received pursuant to this NTL will replace the original request and be treated as if it were received on the date of such original

request. In such a case, the original service fee paid will be applied to meet the fee requirement related to requests under the expedited process. Any lessee that is currently pursuing review or appeal of previous efforts to obtain a suspension of operations on related grounds must agree to withdraw its appeal or petition for review and waive its right to any further such review or appeal before the suspension provided for in this NTL will be granted.

Suspensions granted under the terms of the Extension Directive will be effective May 28, 2010. The granted suspension will terminate on the earlier of (1) May 28, 2011, or (2) the commencement of operations under the lease of the type suspended under last year's Suspension Directive. In the event that any such suspended operations commenced prior to May 28, 2011, on the lease that is the subject of a request made pursuant to this NTL, the lessee must include in its request the date that such operations commenced and the resulting length of suspension being requested (*i.e.*, period less than one year, representing the length of time between May 28, 2010, and the date of commencement). Likewise, if a lease was under a directed or granted suspension for all or part of this one-year period, the suspension under this NTL will be granted for only the length of time the lease was not already under suspension.

Nothing in the Extension Directive or this NTL or otherwise precludes the suspension of leases that do not meet the above criteria if justified under other circumstances and according to other procedures provided for in the applicable regulations. *See* 30 C.F.R. §§ 250.168 *et seq.*

Address for Submitting Requests

Operators must submit their requests for suspension to BOEMRE by mail or e-mail (attaching a copy of the signed request) to:

Gulf of Mexico Region:

Office Address: 1201 Elmwood Park Blvd. (MS 5300), New Orleans, Louisiana 70123.

Contact: Mr. Kevin Karl, Regional Supervisor, Office of Production and Development

Email Address: kevin.karl@boemre.gov

Guidance Document Statement

BOEMRE issues NTLs as guidance documents in accordance with 30 C.F.R. § 250.103 to clarify, supplement, or provide more detail about certain BOEMRE requirements. NTLs may also provide specific instructions regarding informational requirements contained in existing BOEMRE policies and regulations.

Authority

This NTL provides guidance consistent with the Extension Directive and requirements pursuant to 30 C.F.R. § 250.171, which sets forth requirements for lessees seeking a requested suspension

of operations; 30 C.F.R. § 250.172(b), which states that the Regional Supervisor may grant a suspension when activities pose a threat of serious, irreparable, immediate harm or damage to human or animal life, property, any mineral deposit, or the marine, coastal, or human environment; 30 C.F.R. § 250.172(c), which states that the Regional Supervisor may grant a suspension when necessary for the installation of safety or environmental protection equipment; 30 C.F.R. § 250.172(d), which states that the Regional Supervisor may grant a suspension when necessary to carry out the requirements of NEPA or to conduct an environmental analysis; 30 C.F.R. § 250.175(a), which states that the Regional Supervisor may grant a suspension when necessary to allow time to begin drilling or other operations when prevented by reasons beyond the lessee's control; and § 250.169, which provides that a suspension may extend the term of a lease.

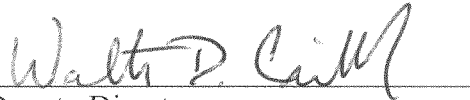
Paperwork Reduction Act of 1995 Statement

This NTL refers to, but does not impose new, information collection requirements subject to the Paperwork Reduction Act of 1995. The Office of Management and Budget ("OMB") has approved the information collection requirements contained in 30 CFR 250, Subpart A under OMB Control Number 1010-0114.

Contact

If you have any questions regarding this NTL, please contact Mr. Kevin J. Karl by e-mail at kevin.karl@boemre.gov or by telephone at (504)736-2632 in the Gulf of Mexico Region.

6-29-2011
Dated


Deputy Director
Bureau of Ocean Energy Management, Regulation
and Enforcement

ATTACHMENT A

[DATE]

On behalf of [COMPANY NAME], BOEMRE Company Number ____, I hereby request a suspension of operations for lease number ____, area ____, block ____, in accordance with NTL 2011-N05. I state that the identified lease satisfies the following criteria:

- No oil or gas production on the lease as of May 15, 2011;
- The lease includes water depths in excess of 500 feet (*i.e.*, deepwater); and
- The lease is scheduled to expire on or before December 31, 2015.

[ADDITIONAL INFORMATION, IF APPLICABLE:]

- [IF SUBSTITUTING FOR PREVIOUSLY-SUBMITTED REQUEST FOR SUSPENSION, ADD: [COMPANY NAME] previously submitted a request for suspension related to the above lease on _____. [COMPANY NAME] intends for this request to replace and supersede the previous request.]
- [IF DENIAL OF PREVIOUS EFFORTS TO OBTAIN SUSPENSION ON RELATED GROUNDS IS UNDER REVIEW OR APPEAL, ADD: Upon issuance of a suspension pursuant to this request, [COMPANY NAME] hereby agrees to withdraw and waive all appeals or rights to further review related to its previous efforts to obtain a suspension on related grounds.]
- [IF SUSPENDED OPERATIONS COMMENCED ON THE LEASE PRIOR TO MAY 28, 2011, ADD: Suspended operations, as defined in NTL 2011-N05, commenced on the lease as of _____. Accordingly, [COMPANY NAME] requests a suspension of the following duration: ___ [*calculated by the length of time between May 28, 2010 and the date operations under the lease that were covered by last year's Suspension Directive commenced*]]
- [IF LEASE WAS SUBJECT TO A SEPARATE SUSPENSION FOR SOME PORTION OF THE SUSPENSION WINDOW, ADD: The lease was subject to a suspension lasting ___ days during the period in which the suspension requested herein would otherwise have been in effect. Accordingly, [COMPANY NAME] requests a suspension of the following duration: ___ [*calculated by the length of time for which the lease would otherwise be eligible for suspension, accounting for any reduction (if any) based on commencement of operations that would have been covered by last year's Suspension Directive, minus the length of existing suspension.*]

Dated

[Name of Authorized Lessee Representative]
[Lessee Company Name]
[Title of Authorized Lessee Representative]