

UNITED STATES DEPARTMENT OF THE INTERIOR
MINERALS MANAGEMENT SERVICE
GULF OF MEXICO OCS REGION

NTL No. 2004-G16

Effective Date: August 19, 2004

NOTICE TO LESSEES AND OPERATORS OF FEDERAL OIL AND GAS LEASES
ON THE OUTER CONTINENTAL SHELF

Suspensions of Operations (SOO's) for Drilling Ultra-Deep Wells Under Salt Sheets

Authority—This Notice to Lessees and Operators (NTL) is issued pursuant to 30 CFR 250.175(b), which governs the granting of suspension of operations for exploration beneath or adjacent to salt sheets on leases that were issued with a primary term of 5 years, or with a primary term of 8 years with a requirement to drill within 5 years.

Purpose and Need for NTL—This NTL provides guidance for operators to request SOO's for drilling ultra-deep wells affected by salt sheets and informs operators that a departure may be obtained to the requirements contained in 30 CFR 250.175(b)(2). The ultra-deep frontier offers the potential for significant resources, but with accompanied high economic and technological risks. MMS recognizes the importance of expediting domestic exploration to address the critical national need. To that end, MMS sees that it is in the national interest to expedite exploration for new sources of hydrocarbons at these ultra-deep depths.

Guidance—Regulations at 250.175(b)(2) require that before the end of the third year of the primary term, you or your predecessor in interest must have acquired and interpreted full 3-D depth migrated geophysical data beneath the salt sheet and over the entire lease area. The application of 3-D pre-stack depth migration technology is critical to successful subsalt imaging and potential hydrocarbon reservoir identification.

Effective the date of this NTL, MMS may grant departures to the three year requirement of 30 CFR 250.175(b)(2) and grant an SOO under the authority contained in 30 CFR 250.175(b). For an operator to be eligible for such a departure, the following conditions must apply:

- The lease must have been in its primary term on August 1, 2002 (the effective date of 30 CFR 250.175(b)).
- The potential target involves drilling below 25,000 feet true vertical depth subsea.
- The requirement contained in 30 CFR 250.175(b)(2) must be met before the end of the fifth year of the primary term.
- A reasonable schedule of work leading to the commencement of drilling must be submitted.

The Regional Supervisor for Production and Development will determine the length of the SOO and approve a schedule of activities on a case-by-case basis.

Paper Reduction Act of 1995 Statement—The information collection referred to in this NTL is intended to provide clarification, description, or interpretation of requirements contained in 30 CFR 250, Subpart A, General. The Office of Management and Budget (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.

Contacts—for additional information contact Mike Melancon, Regional Supervisor for Production and Development, in the Gulf of Mexico Regional Office at 504-736-2675.

This NTL can be found on the MMS website at: <http://www.gomr.mms.gov/homepg/offshore/offshore.html>

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