

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

NTL No. 2010-N04

Effective Date: May 30, 2010

NOTICE TO LESSEES AND OPERATORS OF FEDERAL OIL AND GAS LEASES IN THE
OUTER CONTINENTAL SHELF REGIONS OF THE GULF OF MEXICO AND THE
PACIFIC TO IMPLEMENT THE DIRECTIVE TO IMPOSE A MORATORIUM ON ALL
DRILLING OF DEEPWATER WELLS

Background

The events resulting from the April 20, 2010, Deepwater Horizon included the deaths of 11 people, and an oil spill of national significance that continues to harm the marine ecosystem, wildlife, and property along the Gulf Coast. Although the causes are still under investigation, these events highlight the importance of ensuring safe operations on the Outer Continental Shelf (“OCS”).

Directives

The Six-Month Deepwater Moratorium as set forth in this Notice to Lessees and Operators (“Moratorium NTL”) directs you to cease drilling all new deepwater wells, including any wellbore sidetracks and bypasses; prohibits you from spudding any new deepwater wells; and puts you on notice that, except as provided herein, MMS will not consider for six months from the date of this Moratorium NTL drilling permits for deepwater wells and for related activities as set forth herein. For the purposes of this Moratorium NTL, “deepwater” means depths greater than 500 feet.

If you are currently drilling any well covered by this Moratorium NTL, you must proceed at the next safe opportunity to secure the well and take all necessary steps to cease operations and temporarily abandon or close the well until you receive further guidance from the Regional Supervisor for Field Operations. You must submit to the appropriate District Manager your plans to stop operations and secure the well before 5:00pm EDT, June 1, 2010.

If you have an approved Application for a Permit to Drill (“APD”) or other required permit for wells covered by this Moratorium NTL, but have not spud the well, you may not start drilling for the duration of this Moratorium NTL.

Under 30 C.F.R. 250.172, the Regional Supervisor for Production and Development will issue Suspensions of Operations (“SOO”) to all OCS Lessees and Operators currently drilling or proposing to drill new deepwater wells consistent with this Moratorium NTL.

Findings

This Moratorium NTL is based on a May 28, 2010, Memorandum from the Secretary of the Interior to the Director of the MMS finding that, under current conditions, deepwater drilling poses an unacceptable threat of serious and irreparable harm or damage to wildlife and the marine, coastal and human environment, as set forth in 30 C.F.R. 250.172(b). The Secretary also determined that the installation of additional safety or environmental protection equipment is necessary to prevent injury or loss of life and damage to property and the environment, as set forth in 30 C.F.R. 250.172(c).

The Secretary's determination that deepwater drilling activities on new wells must cease for six months, and that MMS will not process permits for such activities accordingly, is based on the recommendations in the May 27, 2010, Report from the Secretary of the Interior to the President, *Increased Safety Measures for Energy Development on the Outer Continental Shelf* ("Report").

Based on the Secretary's May 28, 2010, Memorandum, the recommendations in the Report, and the authority of 30 C.F.R. 250.172, the Director of MMS has determined that this Moratorium NTL is warranted because of the significant risks of OCS drilling in deepwater without implementation of the safety equipment, practices and procedures recommended in the Report.

Therefore, under 30 C.F.R. 250.172, the Regional Supervisor for Production and Development will issue SOOs to all OCS Lessees and Operators currently drilling or proposing to drill new deepwater wells covered by this Moratorium NTL.

Activities Not Affected by This Moratorium NTL

- This Moratorium NTL does not apply to intervention or relief wells for emergency purposes, including the 2 relief wells related to the ongoing BP spill.
- This Moratorium NTL does not apply to operations that are necessary to sustain reservoir pressure from production wells.
- This Moratorium NTL does not apply to workover operations.
- This Moratorium NTL does not apply to waterflood, gas injections, or disposal wells.
- This Moratorium NTL does not apply to drilling operations or other activities that are necessary to safely close or abandon a well, or to accomplish well completion operations under 30 C.F.R. 250.500.

All activities not affected by this Moratorium NTL must be performed in compliance with all applicable regulations. For the duration of this Moratorium NTL, MMS will process only those APDs and other permits that are necessary to perform the activities not affected by this Moratorium NTL, as set forth above.

Requirements for Existing Deepwater Production

To obtain approval to conduct an activity in support of existing deepwater production, you must submit your request to the Regional Supervisor for Field Operations. Your request must include the following:

- A new APD or Application for Permit to Modify, as appropriate;
- Purpose of the well (disposal, injection, water flood);
- Type of rig/BOP;
- Water depth;
- Safety systems in place; and
- Location/placement of safety system devices (hydraulic accumulators located in a protected area).

In addition, you must submit a structured risk analysis that identifies and discusses the risks of the requested drilling or activity. The discussion must address risks of losing well control, risks of not conducting the requested activity, and your planned use of best practices. This analysis must be specific for each situation and include a detailed description of the activity.

Guidance Document Statement

The MMS issues NTLs as guidance documents in accordance with 30 C.F.R. 250.103 to clarify, supplement, or provide more detail about certain MMS requirements. NTLs may also outline what must be provided as required information in submissions to the MMS.

The MMS will provide additional guidance on this Moratorium NTL and the recommendations contained in the Report through the issuance of additional NTLs, rulemaking, or by other appropriate means.

Authority

This Moratorium NTL provides guidance and requirements pursuant to 30 C.F.R. 250.106, which requires safe lease operations, and pursuant to 30 C.F.R. § 250.172(b), which states that the Regional Supervisor may grant or direct a suspension when activities pose a threat of serious, irreparable, immediate harm or damage, this would include a threat to life, property, mineral deposit, or marine coastal or human environment and 30 C.F.R. § 172(c), which states that the Regional Supervisor may grant or direct a suspension when necessary for the installation of safety or environmental protection equipment.

Paperwork Reduction Act of 1995 Statement

This Moratorium NTL does not impose additional information collection requirements subject to the Paperwork Reduction Act of 1995.

Contact

If you have any questions regarding this Moratorium NTL, please contact Mike Saucier by e-mail at michael.saucier@mms.gov or by telephone at (504) 736-2503 in the Gulf of Mexico Region, or Rishi Tyagi by e-mail at rishi.tyagi@mms.gov or by telephone at (805) 389-7775 in the Pacific Region.

Dated

Deputy Director
Minerals Management Service