

# MEMORANDUM OF UNDERSTANDING

Between the

***BUREAU OF OCEAN ENERGY MANAGEMENT***

and the

***BUREAU OF SAFETY AND ENVIRONMENTAL ENFORCEMENT***

to

***CARRY OUT ASSIGNED RESPONSIBILITIES UNDER THE AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND THE UNITED MEXICAN STATES CONCERNING TRANSBOUNDARY HYDROCARBON RESERVOIRS IN THE GULF OF MEXICO***

## **I. Purpose**

The Bureau of Ocean Energy Management (BOEM) and the Bureau of Safety and Environmental Enforcement (BSEE) (jointly, “the Participants”), agencies of the United States Department of the Interior (DOI), enter into this Memorandum of Understanding (MOU) to more successfully carry out their responsibilities relating to the *Agreement between the United States of America and the United Mexican States Concerning Transboundary Hydrocarbon Reservoirs in the Gulf of Mexico* (“Agreement”).

## **II. Statutory Authority**

Outer Continental Shelf Lands Act (OCSLA), 43 U.S.C. 1331 et seq.  
Bipartisan Budget Act of 2013, (P.L. 113-67).

## **III. Regulatory Authority**

30 C.F.R. Chapter II (BSEE)  
30 C.F.R. Chapter V (BOEM)

## **IV. Background**

The Agreement, signed by the United States and the United Mexican States on February 20, 2012, was approved by the United States Congress in the Bipartisan Budget Act of 2013 (“Budget Act”), which the President signed on December 26, 2013 (P.L. 113-67). Section 303 of the Budget Act approved the Agreement and section 304 amended OCSLA by adding Section 32, “Transboundary Hydrocarbon Agreements.” The Agreement establishes a legal framework for the exploitation of transboundary hydrocarbon reservoirs that may exist along the maritime boundary between the United States and Mexico in the Gulf of Mexico through cooperative arrangements, primarily

unitization agreements involving U.S. lessees and the Mexican national oil company, Petróleos Mexicanos (Pemex) and/or private companies. Under the Agreement, the United States must designate the “Executive Agency” to carry out many of the United States’ obligations and must appoint one Representative and one Alternate Representative to the “Joint Commission.” The Budget Act granted the authority to implement the terms of the Agreement to the DOI Secretary including the authority to designate the “Executive Agency.”

On June 3, 2014, Secretary of the Interior Sally Jewell signed Secretarial Order No. 3333 (the “Order”), which designated DOI as the “Executive Agency” and delegated to BOEM and BSEE the authority, by function, to carry out the duties of the “Executive Agency.” The Order requires BOEM and BSEE to enter into a MOU detailing how, separately and in cooperation with each other, they will fulfill their responsibilities under the Agreement. Where both BOEM and BSEE are indicated as the “Implementing Bureau” in Exhibit A of the Order for a particular Article of the Agreement, the MOU must assign to either BOEM or BSEE the responsibility for carrying out the specific obligations described in the Article.

## **V. Scope and Objectives**

The Participants have been delegated the authority to carry out DOI’s responsibilities under the OCSLA for lease management and regulation of the exploration and exploitation of the natural resources of the Outer Continental Shelf and the responsibility to ensure that related operations are conducted in a safe and environmentally sound manner. Though separate and independent bureaus, the Participants work together to manage interdependencies that exist in their oversight responsibilities. This MOU fulfills the requirements of the Order and details how the Participants will carry out the Executive Agency’s responsibilities under the Agreement. The Participants recognize and agree that the efficient execution of such responsibilities requires management coordination and the identification of the appropriate organizational level to carry out the tasks under the Agreement.

This MOU does not create fiscal or funds obligations. Nothing in this MOU authorizes the Participants to obligate or expend appropriated funds or exchange services or supplies. The Participants’ activities are subject to the availability of appropriated funds.

The Participants agree to the following terms and conditions:

### **1. DIVISION OF RESPONSIBILITY**

In Attachment A — *Division of Responsibility*, the Participants set forth the agreed-to information sharing and division of functional responsibilities for tasks to be carried out under the Agreement, which aligns with and is consistent with the regulations in 30 CFR Chapters II and V, as well as the *Memorandum of Understanding between the Bureau of Ocean Energy Management and the Bureau of Safety and Environmental Enforcement and the Office of Natural Resources Revenue for the Collaboration on Processes, Policies and Systems Relating to the Management of Outer Continental Shelf Energy and Marine Mineral Development* (Tri-agency MOU), which became effective April 16, 2014. Further, the assignment of responsibilities set forth in “Attachment A” reflects BOEM’s and BSEE’s commitment to collaboration and consultation to implement the Articles of the Agreement.

2. INFORMATION SHARING

The exchange of information between the Participants is important to the performance of functions described in this MOU. Therefore, the Participants agree to cooperate and share information necessary to perform all tasks described in “Attachment A.”

3. AMENDMENTS

Amendments to this MOU may be made by the mutual, written consent of the Directors of each of the Participants. Amendments to “Attachment A” will be made by the mutual, written consent of the Deputy Directors of each of the Participants. Amendments to any subsequently developed Standard Operating Procedures (SOP) related to functions covered by this MOU may be made by the mutual, written consent of the applicable Regional Director(s) and/or Senior Executive(s) of the Participants.

Any additional Attachments will be reviewed and signed by the Deputy Directors of each of the Participants before becoming incorporated into this MOU, and listed here as an Attachment to this MOU.

4. CONFIDENTIAL, PRIVILEGED OR PROPRIETARY INFORMATION AND DATA

Confidential, Privileged or Proprietary information and data, while in the possession of the Participants, will be protected from release as required by law.

Confidential, Privileged or Proprietary information and data is frequently submitted to the Participants in furtherance of their missions. The sharing and exchange of such information and data is necessary in order to properly carry out their responsibilities. Sharing proprietary data minimizes duplication of efforts and expenditures, and enhances intra-governmental cooperation. Confidential, Privileged or Proprietary information and data will be maintained by each Participant and made available to the other Participant in an agreed upon format. Such information and data will then be safeguarded by each Participant according to its particular standards.

5. FOIA REQUESTS

Records in the custody of a Participant and that were obtained from the other Participant may become the subject of a request under the Freedom of Information Act (FOIA). 5 U.S.C. § 552, as amended. A Participant in receipt of the FOIA request for records obtained from the other Participant will consult with the other prior to responding to the requester, or will forward the request and requested records to the other Participant for review, determination, and possible response to the requester, as appropriate.

6. PUBLIC COMMUNICATIONS

Public Communications that impact Participants in this MOU will be handled in accordance with the *DOI Office of Communication's Communications Policy*.

7. RESOLUTION OF DISAGREEMENTS

In the event of a disagreement, the Participants will use their best efforts to resolve the dispute in an informal fashion through consultation and communication. Every effort will be made to resolve issues at the lowest organizational level possible. The Participant(s) may engage the Office of Collaborative Action and Dispute Resolution (CADR) for impartial assistance and process support for resolving outstanding issues or raise the issue to the Assistant Secretary - Land and Minerals Management, as appropriate, for ultimate resolution.

8. CONTACTS

All notices, communications and coordination, arising directly from this MOU, except those related to FOIA requests, must involve the following individuals or their designees:

**Bureau of Ocean Energy Management**

Deputy Director  
Bureau of Ocean Energy Management  
U.S. Department of the Interior  
1849 C Street, NW  
Washington, DC 20240  
(202) 208-6300

**Bureau of Safety and Environmental Enforcement**

Deputy Director  
Bureau of Safety and Environmental Enforcement  
U.S. Department of the Interior  
1849 C Street, NW  
Washington, DC 20240  
(202) 208-3500



**VI. Effective Date**

This MOU will become effective on the latest date of the Participants' signatures below.

The Division of Bureau Responsibilities, "Attachment A," will also become effective on the latest date of the Participants' signatures below and will be reviewed annually by the Participants for the first 2 years and biennially thereafter.

Walter D. Cruickshank

Walter D. Cruickshank  
Acting Director, Bureau of Ocean Energy Management

7-17-2014

Date

Brian M. Salerno

Brian M. Salerno  
Director, Bureau of Safety and Environmental Enforcement

17 July 2014

Date

**Attachment A**  
Division of Responsibility

| ARTICLE/REQUIREMENTS  | RESPONSIBILITY |       | REMARKS  |
|---|----------------|-------|--|
|   | BOEM           | BSEE  |  |
| <b>1. Scope</b>   |                |       |  |
| Cooperate with regard to the joint exploration and exploitation of geologic structures and reservoirs that extend across the boundary and are entirely beyond 9 nautical miles from the coastline. Undertake good faith efforts to bring any existing U.S. leases under the terms of the Agreement. | JOINT          | JOINT | <p><b>BOEM:</b> Adheres to the cooperation mandate. Undertakes a good faith effort to bring lessees of existing Boundary Area leases under the Agreement; with agreement of leaseholders, modifies leases in accordance with regulatory responsibilities, primarily 30 CFR Part 556. Notifies BSEE of any lessees that opt into the Agreement along with the lease numbers. BOEM is the point of contact with lessees, as well as Mexico.</p> <p><b>BSEE:</b> Adheres to the cooperation mandate and receive notification of any lessees that opt into the Agreement along with the lease numbers. Notifies BOEM of any lessees that approach BSEE to bring an existing Boundary Area lease under the Agreement.</p> |

**Legend:**

- SOLE – Has sole responsibility for function, no consultation required with other bureaus for decision making
- FINAL – Responsible for final decision; other bureau participates and provides input
- JOINT – Participates in function and shares in final decision
- X – Participates in the function and/or review process
- ISO – Involvement based on Information Sharing Only (receiving or providing)
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**Attachment A**  
Division of Responsibility

| ARTICLE/REQUIREMENTS  | RESPONSIBILITY |       | REMARKS  |
|---|----------------|-------|--|
|   | BOEM           | BSEE  |  |
| <b>4. Activity Near the Delimitation Line</b>   |                |       |  |
| 4.1 Consult with Mexico on exploration and exploitation activities carried out within 3 statute miles of the Delimitation Line. | JOINT          | JOINT | <p><b>BOEM:</b> Determines if any non-unit exploration or exploitation activities were carried out under BOEM approvals or permits (e.g., seismic permits) and collects associated non-proprietary data. Coordinates and consults with BSEE as to what non-proprietary data is required to be exchanged with Mexico associated with or derived from activities carried out within 3 statute miles. Joins BSEE within 90 days (and annually thereafter) following the Agreement's entry into force in consultations with Mexico on activities that have been carried out. BOEM leads discussion with Mexico on geologic trends when based solely on seismic. Establishes consultation schedule in coordination with BSEE.</p> <p><b>BSEE:</b> Determines if any non-unit exploration or exploitation activities were carried out under BSEE approvals or permits (e.g., wells drilled, structures installed, pipelines installed, etc.) and collects associated non-proprietary data such as well logs, cores, wireline formation tests, drill stem tests, etc. as required to be submitted to BSEE. Coordinates and consults with BOEM as to what non-proprietary data is required to be exchanged with Mexico associated with or derived from activities carried out within 3 statute miles. Joins BOEM within 90 days (and annually thereafter) following the Agreement's entry into force in consultations with Mexico on activities that have been carried out. Leads geologic discussion when wells have been drilled. Establishes consultation schedule in coordination with BOEM.</p> |

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| ARTICLE/REQUIREMENTS  | RESPONSIBILITY |       | REMARKS   |
|---|----------------|-------|---|
|   | BOEM           | BSEE  |   |
| 4.2(a) Notify Mexico of likely existence of a Transboundary Reservoir.  | JOINT          | JOINT | <p><b>BOEM:</b> Collects and analyzes all relevant and available geological and geophysical information consistent with BOEM's regulations, primarily 30 CFR Part 551. Consults with BSEE on cases when no unit has been approved but 3-D seismic indicates that transboundary resources may exist or there is the likely existence of a transboundary reservoir after a well(s) is drilled.</p> <p><b>BSEE:</b> Collects and analyzes all relevant and available geological, geophysical, and engineering information consistent with BSEE's regulatory responsibilities contained primarily in the data collection provisions in 30 CFR 250. Consults with BOEM on cases where it may be likely that a transboundary reservoir exists. After consultation with BOEM, notifies Mexico if appropriate consistent with 30 CFR Part 250, Subpart M. BSEE is the lead for any contact with Mexico.</p> |
| 4.2(b) Notify Mexico of submittal and/or approval of plan for collection of seismic data within 3 statute miles of Delimitation Line. | SOLE           | ISO   | <p><b>BOEM:</b> Monitors notices and/or permit applications for collection of seismic data within 3 statute miles of Delimitation Line in accordance with 30 CFR Part 551 and notifies Mexico of such submittal or approval. BOEM is the point of contact for Mexico.</p>   |
| 4.2(c) Notify Mexico of submittal and/or approval of an Exploration Plan within 3 statute miles of Delimitation Line.                 | SOLE           | ISO   | <p><b>BOEM:</b> Monitors EP submittals and approvals within 3 statute miles of the Delimitation Line in accordance with 30 CFR Part 550, Subpart B and provides written notice to Mexico within 60 days of the submission and, as applicable, approval of such plan. BOEM is the point of contact for Mexico.</p>   |

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|---|----------------|------|---|
|   | BOEM           | BSEE |   |
| 4.2(d) Notify Mexico of a hydrocarbon occurrence near the Delimitation Line.  | ISO            | SOLE | <p><b>BOEM:</b> Notifies and consults with BSEE when it becomes aware of a hydrocarbon occurrence from drilling near the Delimitation Line.</p> <p><b>BSEE:</b> Notifies and consults with BOEM when there is a detection of hydrocarbons during drilling operations within 3 statute miles of the Delimitation Line. Notifies Mexico within 60 days of the date BSEE becomes aware of such an occurrence. BSEE is the point of contact for Mexico.</p> |
| 4.2(e) Notify Mexico of a plan to drill a well when the wellhead or borehole will be within 3 statute miles of the Delimitation Line.   | ISO            | SOLE | <p><b>BSEE:</b> Monitors APDs and notifies BOEM and Mexico of approved permits to drill a well within 3 statute miles of the Delimitation Line. BSEE is the point of contact for Mexico.</p>  |
| 4.2(f) Notify Mexico of submittal/acceptance of a Development Operations Coordination Document (DOCD) or a Development and Production Plan (DPP) in area within 3 statute miles of the Delimitation Line. | SOLE           | ISO  | <p><b>BOEM:</b> Monitors DOCD/DPP submittals in the area within 3 statute miles of the Delimitation Line in accordance with 30 CFR Part 550, Subpart B; provides copy of plan to Mexico within 30 days of BOEM's acceptance of the submission (approval) of the plan. BOEM is the point of contact for Mexico.</p>  |

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Division of Responsibility

| ARTICLE/REQUIREMENTS  | RESPONSIBILITY |       | REMARKS   |
|---|----------------|-------|---|
|   | BOEM           | BSEE  |   |
| <b>5. Determination of Transboundary Reservoirs</b>   |                |       |   |
| <b>5.1</b> Initiate consultations with Mexico with a view to determine whether a Transboundary Reservoir exists.  | X              | FINAL | <p><b>BOEM:</b> After a well(s) is drilled and contact is made under Article 4, Paragraph 2(a) or (d), coordinates with BSEE on the non-proprietary geological and geophysical data to be used in such consultation consistent with BOEM's regulatory responsibilities, primarily 30 CFR Part 551. Joins BSEE in consultations with Mexico.</p> <p><b>BSEE:</b> After a well(s) is drilled and contact is made under Article 4, Paragraph 2(a) or (d), initiates a consultation with, and is the point of contact for, Mexico to determine whether a transboundary reservoir exists consistent with BSEE's regulatory responsibilities, primarily 30 CFR Part 250, Subpart M. Coordinates with BOEM on the non-proprietary geological and geophysical data to be used in such consultation.</p> |
| <b>5.2</b> Submit request to Joint Commission to determine whether transboundary reservoir exists if the Parties have not reached a determination on the existence of a Transboundary Reservoir within 60 days of the deadline for initiating consultations in Article 5.1. | ISO            | SOLE  | <p><b>BOEM:</b> Provides BSEE with any applicable data not already in the possession of BSEE.</p> <p><b>BSEE:</b> Submits request to Joint Commission with all relevant data to determine whether transboundary reservoir exists; including relevant geological and geophysical information to make such determination.</p>   |

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|--|----------------|-------|---|
|  | BOEM           | BSEE  |   |
| 5.3 During consultations under paragraph 5.1, deliver quarterly reports to Mexico on exploration and exploitation activities or operations carried out by GOM lessees in relation to the potential transboundary reservoir. Receive reports from Mexican authorities when such activities or operations are carried out in the GOM under Mexican jurisdiction. | X              | FINAL | <p><b>BOEM:</b> Collects relevant information on exploration and exploitation activities carried out under BOEM approvals related to the potential transboundary reservoir and provides to BSEE.</p> <p><b>BSEE:</b> Collects relevant information on exploration and exploitation activities carried out under BSEE approvals related to the potential transboundary reservoir, consults with BOEM and provides quarterly reports to Mexico. BSEE is the point of contact to receive such reports from Mexico.</p>   |
| <b>6. Unitization Agreement</b>  |                |       |   |
| 6.1 and 6.2<br>Joint exploration and/or exploitation will be conducted pursuant to a unitization agreement negotiated and proposed by the Licensees and approved by the Executive Agencies. Develop one or more model unit agreements, including the items set forth in Article 6.2.   | X              | FINAL | <p><b>BOEM:</b> Participates in drafting one or more model unit agreements. Joins BSEE in consultations with Mexico related to any BOEM-related provisions in a model unit agreement(s).</p> <p><b>BSEE:</b> Pursuant to 30 CFR Part 250, Subpart M, BSEE approves unitization under the terms of an appropriate unitization agreement. Drafts one or more model unit agreements in consultation with BOEM. Consults with and obtains concurrence from Mexico on model unit-agreements in coordination with BOEM.</p> |
| 6.3 Require U.S. Lessees to provide all available data necessary to review the proposed unitization agreement and ensure the files and data are available to Mexico.   | ISO            | SOLE  | <p><b>BSEE:</b> Collects available data and information from U.S. Lessees and ensures Mexico has the same data. Transmits files and data to Mexico if necessary. Makes information available to BOEM. Receives such data from Mexico.</p>   |

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|--|----------------|-------|--|
|  | BOEM           | BSEE  |  |
| 6.4 Approve, approve with modifications or reject a proposed unitization agreement.                          | X              | FINAL | <p><b>BOEM:</b> Provides input to BSEE on any geological and geophysical (G&amp;G) data interpretations if applicable. Consults with BSEE if the unit agreement contains any modifications to BOEM-related provisions of a model unitization agreement.</p> <p><b>BSEE:</b> Receives, reviews and approves, approves with modification or rejects a proposed unitization agreement-in accordance with 30 CFR Part 250, Subpart M. Includes BOEM if the unit agreement contains any modifications to BOEM-related provisions of a model unitization agreement. Performs independent engineering and G&amp;G interpretation. Consults with BOEM on G&amp;G interpretation prior to final decision. Ensures that the formation of the unit will promote and expedite exploration and exploitation consistent with 30 CFR Part 250, Subpart M. Consults with Mexico as needed. Once approved, monitors proposed and actual unit activities consistent with 30 CFR Part 250, Subpart M.</p> |
| 6.5 Approve, approve with modifications or reject a proposed amendment to an approved unitization agreement. | X              | FINAL | <p><b>BOEM:</b> Provides input to BSEE on G&amp;G interpretation, if applicable. Consults with BSEE if the unit agreement contains any modifications to BOEM-related provisions of a model unitization agreement.</p> <p><b>BSEE:</b> Receives, reviews and approves, approves with modification or rejects a proposed amendment to unitization agreement in accordance with 30 CFR 250, Subpart M. Includes BOEM in any modification to BOEM-related provisions of the already approved unitization agreement. Performs independent engineering and G&amp;G interpretation, if applicable. Consults with BOEM on any G&amp;G interpretation prior to final decision, if applicable. Consults with Mexico as needed.</p>   |

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**Attachment A**  
Division of Responsibility

| ARTICLE/REQUIREMENTS   | RESPONSIBILITY |      | REMARKS  |
|--|----------------|------|--|
|  | BOEM           | BSEE |  |
| <b>7. Management of a Transboundary Reservoir Prior to the Formation of a Transboundary Unit</b>   |                |      |  |
| <b>7.1</b> If a Transboundary Reservoir exists and a unit agreement has not been approved, take steps to facilitate exploitation of the Transboundary Reservoir as a Transboundary Unit. Prohibit commencement of production, or if production has already commenced, take steps to ensure production does not unduly prejudice implementation of the Agreement. | ISO            | SOLE | <p><b>BOEM:</b> Provides EP and DOCD/DPP reviews and approvals if applicable.</p> <p><b>BSEE:</b> Prohibits production consistent with 30 CFR Part 250.168 – 177 or sets maximum production rates (MPR) for the well and/or reservoir (MER) if already producing under 30 CFR Part 250, Subpart K to ensure rights of parties are not affected. Monitors production and adjusts MPR/MER, as necessary.</p> |
| <b>7.2(a)</b> If parties decide not to enter into a unit agreement or a unit agreement has not been approved, require Lessee to submit a proposed unit agreement and operating agreement.  | ISO            | SOLE | <p><b>BSEE:</b> Requires U.S. Lessee to submit a proposed unit agreement and operating agreement consistent with 30 CFR Part 250, Subpart M.</p>   |

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|--|----------------|-------|--|
|  | BOEM           | BSEE  |  |
| 7.2(b) Jointly determine with Mexican Executive Agency, within 30 days, an estimate of recoverable hydrocarbons, under original conditions, on each side of the reservoir and determine the associated allocation of production. | X              | FINAL | <p><b>BOEM:</b> Consults with BSEE to determine estimate of recoverable hydrocarbons and allocation of production.</p> <p><b>BSEE:</b> Analyzes all relevant G&amp;G and reservoir engineering data to determine the estimate of recoverable hydrocarbons and allocation of production consistent with 30 CFR Part 250, Subparts B, K and M. Consults with BOEM. Contacts and consults with Mexico to jointly determine such estimates.</p>  |
| 7.3 If the Executive Agencies are unable to reach a determination under paragraph 7.2(b), refer such determination to Expert Determination.  | ISO            | SOLE  | <p><b>BOEM:</b> Consults with BSEE and provides any relevant data not already in the possession of BSEE.</p> <p><b>BSEE:</b> Refers matter to Expert Determination along with all relevant data.</p>   |
| 7.4 Within 90 days, jointly with Mexican Executive Agency, approve the submitted unit agreement and operating agreement or alternative developed by the Parties. If not approved within 90 days, submit to Joint Commission.     | X              | FINAL | <p><b>BOEM:</b> Consults with BSEE if the unit agreement contains any modifications to BOEM-related provisions of a model unitization agreement. Provides BSEE with any relevant data not already in the possession of BSEE.</p> <p><b>BSEE:</b> Consults with Mexico as needed and approves unitization agreement consistent with 30 CFR Part 250, Subpart M, when warranted. Includes BOEM if the unit agreement contains any modifications to BOEM-related provisions of a model unitization agreement. If not approved, submits matter to Joint Commission along with relevant data.</p> |

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|  | BOEM           | BSEE |   |
| 7.5 If a unit agreement is not approved pursuant to paragraph 7.4, authorize the U.S. Lessee to exploit the relevant Transboundary Reservoir subject to paragraph 7.2(b) or paragraph 7.3 and any plan for joint management of the Transboundary Reservoir, including any agreed provisions governing redetermination and metering. In such event, the parties will exchange production data on a monthly basis. | ISO            | SOLE | <b>BSEE:</b> Authorizes U.S. Lessee to produce reservoir and manages production rates in accordance with expert determination and/or plan for joint management consistent with 30 CFR Part 250, Subpart K. Ensures the proper metering of production in accordance with 30 CFR Part 250, Subpart L. Exchanges production data with Mexico on a monthly basis. |
| 7.6 The Joint Commission will endeavor to resolve issues related to the allocation of production of a Transboundary Reservoir not otherwise addressed in Article 7.  | N/A            | N/A  | Joint Commission performs these functions.  |

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|  | BOEM           | BSEE |   |
| <b>8. Allocation of Production</b>   |                |      |   |
| <b>8.1</b> Require the unit operator, 60 days prior to commencement of production from Transboundary Reservoir, to initiate consultations on the allocation of production by submitting a proposal for allocation of production for approval by the Executive Agencies. The Executive Agencies will, prior to any decision not in agreement with the proposal, jointly consult with the unit operator. | ISO            | SOLE | <p><b>BOEM:</b> Provides BSEE with input on G&amp;G interpretation in support of the determination of the appropriate allocation of unit production.</p> <p><b>BSEE:</b> Receives and interprets geologic, geophysical and engineering data to identify and determine appropriate allocation of unit production for any transboundary reservoirs, taking into consideration BOEM input on G&amp;G interpretation. Prior to any decision not in agreement with the proposal, BSEE and the Mexican Executive Agency will jointly consult with the unit operator. Approves the allocation of production for the transboundary reservoirs consistent with 30 CFR Part 250, Subpart M.</p> |
| <b>8.2</b> Ensure that all relevant and available information from the Unit Area related to the proposal is made available in a timely manner to the Mexican Executive Agency.   | ISO            | SOLE | <p><b>BOEM:</b> Provides BSEE with input on applicable G&amp;G information to be shared.</p> <p><b>BSEE:</b> Makes all relevant and available information from the Unit Area related to the proposal available in a timely manner to the Mexican Executive Agency primarily via the Unit Operator. Receives such data from Mexico.</p>  |

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**Attachment A**  
Division of Responsibility

| ARTICLE/REQUIREMENTS   | RESPONSIBILITY |      | REMARKS   |
|--|----------------|------|---|
|  | BOEM           | BSEE |   |
| <p><b>8.3</b> If the Executive Agencies are unable to reach agreement on the initial allocation of production within 30 days from the date of the initiation of consultations in accordance with paragraph 8.1, refer the matter to the Joint Commission.</p>  | ISO            | SOLE | <p><b>BOEM:</b> Provides BSEE with any relevant data not already in the possession of BSEE for referral to the Joint Commission.</p> <p><b>BSEE:</b> Utilize all available engineering and G&amp;G information to determine proper allocation of production for any transboundary reservoirs consistent with 30 CFR Part 250, Subpart M. If unable to reach agreement with Mexico, refers the matter to the Joint Commission along with supporting information.</p> |
| <b>9. Redetermination of the Allocation of Production</b>  |                |      |   |
| <p><b>9.1</b> Any redetermination of the allocation of a transboundary reservoir will be conducted pursuant to the unitization agreement. Ensure that provisions for fair and equitable allocation of production are contained in the unitization agreement and are applicable over its full term.</p> | ISO            | SOLE | <p><b>BOEM:</b> Receives notice from BSEE when any redetermination clause in the unit agreement is triggered.</p> <p><b>BSEE:</b> Monitors the unit activities consistent with the BSEE approved unit agreement, 30 CFR Part 250, Subpart M. Initiates consultations with Mexico when any redetermination clause is triggered. Notifies BOEM.</p>   |

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| 9.2 Ensure that all relevant and available information from the Unit Area related to the redetermination of allocation of production is made available in a timely manner to the Mexican Executive Agency. Prior to any decision not in agreement with the proposal, consult (jointly with the Mexican Executive Agency) with the unit operator. | ISO            | SOLE | <p><b>BOEM:</b> Provides BSEE with input on any applicable G&amp;G information to be shared with the Mexican Executive Agency.</p> <p><b>BSEE:</b> Makes all relevant and available information from the Unit Area related to the proposal available in a timely manner to the Mexican Executive Agency primarily via the unit operator. Receives such data from Mexico. Prior to any decision not in agreement with the proposal, BSEE and the Mexican Executive Agency will jointly consult with the unit operator.</p> |
| 9.3 If the Executive Agencies are unable to reach agreement on the redetermination of the allocation of production within 60 days following initiation of the process in accordance with paragraph 9.1, refer the matter to the Joint Commission.  | ISO            | SOLE | <p><b>BOEM:</b> Provides BSEE with input on applicable G&amp;G information to be provided to the Joint Commission.</p> <p><b>BSEE:</b> Utilize all available engineering and G&amp;G information to determine proper redetermination of allocation of any transboundary reservoirs consistent with 30 CFR Part 250, Subpart M. If unable to reach agreement with Mexico, refers the matter to the Joint Commission along with supporting information.</p>   |
| <b>10. Unit Operator</b>   |                |      |   |
| 10.1 – 10.2 Ensure Licensees designate a unit operator to act on behalf of the Licensees.  | ISO            | SOLE | <p><b>BOEM:</b> Receives notification from BSEE as to the company BSEE approves as unit operator.</p> <p><b>BSEE:</b> Approves the Unit Operator consistent with 30 CFR Part 250, Subpart M and notifies BOEM.</p>  |

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### Division of Responsibility

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| <b>11. Unit Operating Agreement</b>  |                |       |   |
| <b>11.1 – 11.3</b> Require Licensees to enter into a Unit Operating Agreement and submit an executed copy prior to approval of the Unitization Agreement.  | ISO            | SOLE  | <p><b>BOEM:</b> Reviews Unit Operating Agreement, if necessary.</p> <p><b>BSEE:</b> Requires and ensures a proper Unit Operating Agreement has been executed between the Unit Operator and unit participants consistent with 30 CFR Part 250, Subpart M, and is submitted to BSEE. Makes the Unit Operating Agreement available for review by BOEM.</p> |
| <b>12. Facilities near the Delimitation Line</b>   |                |       |   |
| <b>12.1 – 12.3</b> Facilitate access to and use of facilities near the Delimitation Line and facilitate access to facilities for workers engaged in Transboundary Unit activities.   | ISO            | SOLE  | <p><b>BSEE:</b> Uses best efforts to facilitate access to facilities (e.g., platform, pipelines, meters).</p>   |
| <b>14. Joint Commission</b>  |                |       |   |
| <b>14.1 and 14.2</b> Establish Joint Commission within 90 days after Agreement enters into force. Appoint a representative and an alternate representative to the Joint Commission. Provide assistance to its representative as necessary. | JOINT          | JOINT | <p><b>BOEM:</b> Provides assistance to the Joint Commission in establishing rules of procedure.</p> <p><b>BSEE:</b> Provides assistance to the Joint Commission in establishing rules of procedure.</p>   |
| <b>14.3, 14.4, 14.5, 14.6, and 14.7</b>  | N/A            | N/A   | Joint Commission performs these functions.  |

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|  | BOEM           | BSEE  |   |
| 14.8 Refrain from action with regard to any dispute referred to the Joint Commission or to Expert Determination or dispute resolution where it is reasonably foreseeable that such action would prejudice the implementation of any decision related to the dispute. | JOINT          | JOINT | <p><b>BOEM:</b> Refrain from any action with regard to any dispute referred to the Joint Commission or Expert Determination or dispute resolution that may prejudice the implementation of any decision.</p> <p><b>BSEE:</b> Refrain from any action with regard to any dispute referred to the Joint Commission or Expert Determination or dispute resolution that may prejudice the implementation of any decision.</p>   |
| <b>15. Consultations and Mediation</b>   |                |       |   |
| 15.1 Initiate consultations with Mexico to resolve any disagreement relating to the interpretation and implementation of the Agreement.  | JOINT          | JOINT | <p><b>BOEM:</b> Initiate consultations with Mexico to resolve any disagreement relating to the interpretation and implementation of the Agreement concerning a BOEM function. Consults with BSEE and State Department regarding the area of disagreement and the results of the initial consultation with Mexico. Additional discussions with Mexico regarding the area of disagreement will include BSEE and State Department. If disagreement concerns both BOEM and BSEE functions, initiate consultations jointly with BSEE.</p> <p><b>BSEE:</b> Initiate consultations with Mexico to resolve any disagreement relating to the interpretation and implementation of the Agreement concerning a BSEE function. Consults with BOEM and State Department regarding the area of disagreement and the results of the initial consultation with Mexico. Additional discussions with Mexico regarding the area of disagreement will include BOEM and State Department. If disagreement concerns both BOEM and BSEE functions, initiate consultations jointly with BOEM.</p> |

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|---|----------------|-------|---|
|   | BOEM           | BSEE  |   |
| 15.2 Refer disagreement to arbitration pursuant to Article 17.  | JOINT          | JOINT | <p><b>BOEM:</b> Submits disputes concerning BOEM functions to arbitration and participates in arbitration. If dispute concerns BOEM and BSEE functions, arbitrates jointly with BSEE.</p> <p><b>BSEE:</b> Submits disputes concerning BSEE functions to arbitration and participates in arbitration. If dispute concerns BOEM and BSEE functions, arbitrates jointly with BOEM.</p>   |
| 15.3 Submit any disagreement relating to the interpretation and implementation of the Agreement to non-binding mediation.   | JOINT          | JOINT | <p><b>BOEM:</b> Submits disputes concerning BOEM functions to non-binding mediation and participates in mediation. If dispute concerns BOEM and BSEE functions, participates in mediation jointly with BSEE.</p> <p><b>BSEE:</b> Submits disputes concerning BSEE functions to non-binding mediation and participates in mediation. If dispute concerns BOEM and BSEE functions, participates in mediation jointly with BOEM.</p>               |
| <b>16. Expert Determination</b>   |                |       |   |
| 16.1 - 16.9 Provide for appointment of an expert by the Joint Commission and rules of engagement. If the Joint Commission has not established these arrangements, the parties must do it on their own. All determinations of the expert are final and binding on the Parties. | JOINT          | JOINT | <p><b>BOEM:</b> Provides input to the Joint Commission related to selection of an Expert. Consults with BSEE and provides any relevant data not already in the possession of BSEE for referral to the Expert, consistent with prior Articles.</p> <p><b>BSEE:</b> Provides input to the Joint Commission related to selection of an Expert. Refers matters to the Expert along with supporting information, consistent with prior Articles.</p> |

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|  | BOEM           | BSEE  |   |
| <b>17. Arbitration</b>   |                |       |   |
| Submit dispute to arbitration (if dispute is not subject to Expert Determination and cannot be resolved by the Joint Commission or through consultations). Arbitrate dispute according to the arbitration mechanism established by the Joint Commission. | JOINT          | JOINT | <p><b>BOEM:</b> Provides input to the Joint Commission related to development of an arbitration mechanism. Submits disputes concerning BOEM functions to arbitration and participates in arbitration. Consults with BSEE and State Department regarding the area of dispute. If dispute concerns both BOEM and BSEE functions, arbitrates jointly with BSEE.</p> <p><b>BSEE:</b> Provides input to the Joint Commission related to development of an arbitration mechanism. Submits disputes concerning BSEE functions to arbitration and participates in arbitration. Consults with BOEM and State Department regarding the area of dispute. If dispute concerns both BOEM and BSEE functions, arbitrates jointly with BOEM.</p> |
| <b>18. Inspections</b>   |                |       |   |
| <b>18.1 – 18.5 –</b> Develop procedures for inspections.   | ISO            | SOLE  | <b>BSEE:</b> Develops procedures for inspections to safeguard respective interests, including joint inspections, for facilities related to an approved unitization agreement.   |
| <b>19. Safety and Environmental Protection</b>   |                |       |   |
| <b>19.1</b> Adopt, where appropriate, common safety and environmental standards and requirements for activities contemplated under the Agreement.  | JOINT          | JOINT | <p><b>BOEM:</b> Consults with Mexico to develop common environmental standards and requirements.</p> <p><b>BSEE:</b> Consults with Mexico to develop common safety standards and requirements. Consults with Mexico to develop common environmental enforcement standards and requirements.</p>   |
| <b>19.2</b> Develop procedures for implementation of this Article.   | JOINT          | JOINT | <b>BOEM:</b> Develops procedures for implementation of common environmental standards and requirements.   |

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|  |                |       | <p><b>BSEE:</b> Develops procedures for implementation of common safety standards and requirements as well as for common environmental enforcement standards and requirements.</p> <p><b>BSEE:</b> Reviews existing international obligations with respect to oil pollution preparedness, response and cooperation. Coordinates with Mexican Executive Agency to ensure Mexico does the same.</p>   |
| 19.3 Review implementation of existing international obligations with respect to oil pollution preparedness, response and cooperation.   | ISO            | SOLE  |   |
| <b>20. Confidentiality</b>   |                |       |   |
| Maintain as confidential, and obligate U.S. Lessees to maintain as confidential, all Confidential Data and other Information obtained from Mexico or its Licensees in accordance with the Agreement. | JOINT          | JOINT | <p><b>BOEM:</b> Maintains as confidential, and obligates U.S. Lessees to maintain as confidential, all Confidential Data and other Information obtained from Mexico or its Licensees in accordance with the Agreement.</p> <p><b>BSEE:</b> Maintains as confidential, and obligates U.S. Lessees to maintain as confidential, all Confidential Data and other Information obtained from Mexico or its Licensees in accordance with the Agreement.</p> |

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Walter D. Cruickshank

Walter Cruickshank

Deputy Director, Bureau of Ocean Energy Management

7-17-2014

Date

Margaret N. Schneider

Margaret N. Schneider

Deputy Director, Bureau of Safety and Environmental Enforcement

7/17/2014

Date

This "Attachment A" Division of Responsibility will become effective on the latest date of the Participants' signatures and will be reviewed annually by the Participants for the first 2 years and biannually thereafter.