

**UNITED STATES DEPARTMENT OF THE INTERIOR  
MINERALS MANAGEMENT SERVICE  
GULF OF MEXICO OCS REGION AND THE ATLANTIC OCS AREA**

NTL No. 2008-G19

Effective Date: October 2, 2008  
Expiration Date: October 2, 2013

**NOTICE TO LESSEES AND OPERATORS OF FEDERAL OIL, GAS AND SULPHUR  
LEASES IN THE OUTER CONTINENTAL SHELF,  
GULF OF MEXICO OCS REGION AND THE ATLANTIC OCS AREA**

**Changes to the Designation of Operator of an OCS Oil and Gas or Sulphur Lease**

This Notice to Lessees and Operators (NTL) supersedes NTL No. 2007-G24, effective September 24, 2007, provides for exceptions to the policy of not approving Designations of Operator that involve an individual well or multiple wells, and makes other minor technical changes.

**Authority and Background**

Under 30 CFR 250.143(a), you must submit a Designation of Operator (using Form MMS-1123) unless you are the only lessee and are the only person conducting lease operations. When there is more than one lessee, each lessee must submit the Form MMS-1123 along with the required service fee, and the Minerals Management Service (MMS) Gulf of Mexico OCS Region (GOMR) must approve the designation before the designated operator may begin operations on the leasehold. You do not need to provide the service fee if the designation is to establish an operator for a newly-issued lease.

Under 30 CFR 250.143(d) when you wish to change a Designation of Operator, each affected lessee must submit a new executed Form MMS-1123 to the MMS GOMR for approval. When there are multiple co-lessees, submit all Designation of Operator forms to the MMS GOMR in a single submittal, which is subject to only one service fee.

Under 30 CFR 250.144(a), when a Designation of Operator terminates, the MMS GOMR must approve a new designated operator before operations can continue. Each affected lessee must submit a new executed Form MMS-1123 to the MMS GOMR for approval along with the service fee required by 30 CFR 250.143(d). When there are multiple co-lessees, submit all Designation of Operator forms to the MMS GOMR in a single submittal, which is subject to only one service fee (pursuant to 30 CFR 250.143(d)).

**Designation of Operator Changes**

The following guidance applies to all changes to Designations of Operator in the MMS GOMR:

1. The MMS GOMR will no longer approve requests that designate an operator of an individual well or multiple wells. When the MMS GOMR approves a change of operator, the new designated operator becomes responsible for all wells, platforms, and lease term pipelines within the described lease or aliquot part(s).

The MMS GOMR may grant an exception to this policy only in the following instances: (1) you request a change of operator so that another company may *drill* an individual well on your lease or (2) after you assign your lease to another company, you need to be the designated operator for an individual well or multiple wells so that you can fulfill your remaining decommissioning obligations. If you would like to pursue either of these exceptions, contact the MMS GOMR (see *Contacts* below) before you file the designation. When you do file a request (Form MMS-1123) to designate an operator for an individual well or multiple wells, make sure that the description of the well(s) to which the designation applies includes (1) the name and associated API number for each well, and (2) a description of the smallest aliquot part(s) that the well(s) are or will be located in. If you do not know the API number(s) at the time you file the designation request, submit an updated Form MMS-1123 when you receive it. You do not need to pay a service fee for processing this update.

2. Under 30 CFR 250.144, when a Designation of Operator terminates, each affected lessee must submit Form MMS-1123 naming the new designated operator. The affected lessees are (1) all record title owners and (2) the applicable operating rights owners who own an interest in an area affected by the change in operator. Make sure that the company names on Form MMS-1123 match exactly those on the documents used to qualify the company, including case and punctuation. Further, ensure that the forms are executed by a company official authorized to sign Designations of Operator, as indicated in the company qualification file on record with the MMS GOMR. Type or print the name and title of each signatory under each signature. For each submittal, provide a cover letter requesting approval for the change in Designation of Operator, two originally signed Forms MMS-1123 from each affected lessee, and the service fee required by 30 CFR 250.125.

3. An operating rights owner does not need to submit a Form MMS-1123 for a designation change, unless the new designated operator will be designated to operate a portion of the lease where the operating rights are owned.

4. If the designation change applies to the entire lease, make sure that the description of the lease on Form MMS-1123 is identical to the description contained in the lease. If you choose to use the official map description, make sure that it is correct. If a partial relinquishment changed the area covered by the lease after it was issued, provide the up-to-date description.

5. If the designation change applies to a portion of the lease, describe the portion in aliquot parts using  $\frac{1}{2}$  and  $\frac{1}{4}$  only. Do not specify other parts such as  $\frac{3}{4}$  or  $\frac{1}{3}$ . The smallest aliquot part that you can designate is  $\frac{1}{4}\frac{1}{4}\frac{1}{4}$  of the lease block, e.g., NW $\frac{1}{4}$  NW $\frac{1}{4}$  NE $\frac{1}{4}$ .

6. The designation change may contain a depth limitation applicable either to the entire lease or to an aliquot part. If you specify a depth limitation, make sure that the depth description covers only the depth, e.g., surface to 15,000 feet SSTVD. Do not make reference to any stratigraphic equivalents or information recited from a well log.

7. When multiple co-lessees each must designate an operator, the MMS GOMR *will not approve* the designation change until all required designations are properly executed and filed. When a designated operator is being changed, one of the lessees should collect all of the signed Forms MMS-1123 from all of the co-lessees (as described above) and submit them to the MMS GOMR as one package with one service fee. This will ensure that the change of designated operator will be processed in a timely fashion. The MMS GOMR does not accept partial filings from multiple parties.

In 2001, MMS published [OCS Study MMS 2001-076](#), "Oil and Gas Leasing Procedures Guidelines, Outer Continental Shelf." The guidance in that document regarding Designations of Operator and changes that involve designating particular wells is no longer applicable.

### **Guidance Document Statement**

The MMS issues NTL's as guidance documents in accordance with 30 CFR 250.103 to clarify, supplement, and provide more detail about certain MMS regulatory requirements and to outline the information you provide in your various submittals. Under that authority, this NTL sets forth a policy on and an interpretation of a regulatory requirement that provides a clear and consistent approach to complying with that requirement. However, if you wish to use an alternative approach for compliance, you may do so, after you receive approval from the appropriate MMS office under 30 CFR 250.141.

### **Paperwork Reduction Act of 1995 (PRA) Statement**

This NTL provides clarification, description, or interpretation of requirements in MMS regulations at 30 CFR 250, Subpart A. The Office of Management and Budget (OMB) has approved the information collection requirements in those regulations and assigned OMB Control Number 1010-0114. This NTL does not impose additional information collection requirements subject to the PRA.

### **Contacts**

If you have any questions regarding this NTL, please contact the MMS GOMR Adjudication Unit by telephone at (504) 736-1710.

If you would like to submit a designation of operator that is an exception to the policy described in Item No. 1 under *Designation of Operator Changes* above, please contact Mr. B. J. Kruse, Chief, Office of Structural and Technical Support by telephone at (504) 736-2634 or by email at [benjamin.kruse@mms.gov](mailto:benjamin.kruse@mms.gov).

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Lars T. Herbst  
Regional Director