

**UNITED STATES DEPARTMENT OF THE INTERIOR
MINERALS MANAGEMENT SERVICE (MMS)
GULF OF MEXICO (GOM) OCS REGION**

NTL No. 2007-G05

Effective Date: March 1, 2007

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

Well Producibility Determinations

The purpose of this Notice to Lessees and Operators (NTL) is to provide information concerning new filing procedures in obtaining a determination of well producibility (effective with the date of the determination). This necessitates the replacement of NTL No. 2000-G04 Effective Date January 28, 2000. Changes in the lease addendums beginning with lease OCS G-22500 (Lease Sale 178) no longer transfer a lease into minimum royalty status when a well qualifies in accordance with 30 CFR 250.115 or 30 CFR 250.116. These leases remain in rental status and the annual rental payments for future lease years become payable at the end of the lease year, until the start of royalty bearing production. In the lease year that royalty bearing production begins, royalties become payable in accordance with the lease instrument which specifies the royalty rate and minimum royalty requirements.

These modifications were assembled by Resource Evaluation, Petrophysical Analysis Unit (PAU), the new office of responsibility in the Gulf of Mexico OCS Region (GOMR). They will result in a more rapid determination and eliminate the necessity for you to resubmit open-hole petrophysical data. Once the GOMR makes a determination of well producibility, no further determination of well producibility will be made on the lease.

Requirements for demonstrating well producibility are found in 30 CFR 250.115 or 250.116. To obtain a determination of well producibility, submit your written request to the Supervisor, Petrophysical Analysis Unit. You may also choose to submit a request by e-mail.

Determination of Well Producibility Based on a Well Test

A. According to 30 CFR 250.115(b) (1), you must give the appropriate MMS GOMR District Supervisor an opportunity to witness each well test that you conduct. Instead of witnessing a test, the GOMR will accept test data with your affidavit, or third-party test data (with affidavit), but the Supervisor Petrophysical Analysis Unit (in lieu of the District Supervisor as specified in 30 CFR 250.115(b) (2)) must approve this arrangement prior to the test. Submit test data with your affidavit or third-party test data (with their affidavit) from wireline formation tests and/or drill stem tests to Supervisor, Petrophysical Analysis Unit at the address below.

B. Submit your requests for approval to submit either your test data or third party test data by postal mail, e-mail, or telefax.

Send your postal mail requests to:

U. S. Department of the Interior, Minerals Management Service
Gulf of Mexico OCS Region, Office of Resource Evaluation
Supervisor, Petrophysical Analysis Unit, MS 5124
New Orleans, Louisiana 70123

Send your e-mail requests to: pau@mms.gov

Telefax your requests to: (504) 736-2905

C. If the well is an oil well, conduct a production test that lasts at least two hours after flow stabilizes.

D. If the well is a gas well, conduct either a deliverability test that lasts at least two hours after flow stabilizes or a four-point back pressure test.

Determination of Well Producibility Based on Petrophysical Data

A. You no longer need to submit any open-hole petrophysical data with your request for a determination of well producibility since 30 CFR 250.468 and 30 CFR 250.469 (Code of Federal Regulations 30 Parts 200 to 699, Revised as of July 1, 2006) ensures that the Minerals Management Service (MMS) already has all open-hole data (open-hole log surveys such as e-log, sonic, radioactive, and others; directional surveys; and core analyses) needed to determine the producibility of the well. You need only to specify the well and the qualifying zone in your application. However, you may submit any supplemental and supporting documentation for the requested well qualification.

B. The criteria of 30 CFR 250.116(b), (c), and (d) determine whether a well is producible. The Petrophysical Analysis Unit will use established petrophysical software to assist in their determination.

However, the GOMR recognizes that all geologic formations in the Gulf of Mexico do not possess the same physical properties (e.g., low resistivity, low contrast pays, hydrates, carbonate reservoirs, and Jurassic sandstone reservoirs) and, consequently, do not lend themselves to one single method of log analysis. Therefore, the GOMR may accept sound well log interpretation techniques that demonstrate that a well would produce hydrocarbons in a particular area, even though the well may not otherwise qualify as producible under 30 CFR 250.116(b), (c), and (d).

Well Producibility Requests

A. Include the following in your request for a determination of well producibility:

1. Active lease number
2. Area and block number
3. Well name and number (and lease number if different from active lease number)
4. Operator name
5. Date total depth (TD) was reached or date of final log run for the well
6. TD of well in feet, i.e., measured depth (MD) and true vertical depth subsea (TVDSS)
7. Expiration date of primary lease term

8. API number of well
9. Requested qualification type (wireline test or petrophysical)
10. Hydrocarbon type: oil, gas, or condensate
11. Depth to top of pay in feet (MD and TVDSS)
12. Depth to base of pay in feet (MD and TVDSS)
13. Net thickness of continuous pay section in feet (MD and TVDSS)
14. For a qualification based on a wireline well test and/or drill stem test, the depth of the tested interval (MD and TVDSS), date of test, test number (if more than one test in the well), and results.

B. Include the same information as above in your e-mail request for a determination of well producibility. The Petrophysical Analysis Unit will reply to your specified e-mail address to confirm receipt of your application.

C. Submit your requests for well producibility determinations.

Send your postal mail requests to:

U. S. Department of the Interior
Minerals Management Service
Gulf of Mexico OCS Region, Office of Resource Evaluation
Supervisor Petrophysical Analysis Unit, MS 5124
New Orleans, Louisiana 70123

Send your e-mail requests to: pau@mms.gov

Telefax your requests to: (504) 736-2905

D. The Supervisor, Petrophysical Analysis Unit, will send the results of the well producibility determination to the return addressee either by postal mail or by e-mail if you request (please include e-mail address). The GOMR may place the lease in minimum royalty status or the lease may remain in rental beginning with lease OCS G-22500 (Lease Sale 178) if it makes a positive well producibility determination.

Paperwork Reduction Act of 1995 Statement

The information collection referred to in this NTL provides clarification, description, or interpretation of requirements contained in 30 CFR 250, subparts A and D. The Office of Management and Budget (OMB) approved the information collection requirements for these regulations and assigned OMB Control Numbers 1010-0114 and 1010-0041, respectively. This NTL does not impose additional information collection requirements subject to the Paperwork Reduction Act of 1995.

[original signed by]

Chuck Schoennagel, Jr.
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