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

NTL No. 2007-G22 Effective Date: June 25, 2007

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

Suspensions of Operations for Subsalt and Ultradeep Geophysical Work

In response to questions from industry, this NTL provides guidance for submitting requests for Subsalt and Ultradeep Suspensions of Operations (SOO's) under 30 CFR 250.175(b) and 30 CFR 250.175(c) for leases issued with 5-year or 8-year primary terms. This NTL describes the meaning of a potential hydrocarbon-bearing formation and identifies ways in which operators may demonstrate that such a formation lies or may lie beneath their leases.

A potential hydrocarbon-bearing formation means that there is a distinctive and mappable subsurface layer that can be identified by the 3-D depth migrated data. This layer is likely to consist of reservoir-quality rock that may contain hydrocarbons.

Subsalt SOO's

As required by 30 CFR 250.175(b), you must demonstrate that you acquired and interpreted 3-D depth migrated data by the end of the third year of the primary term. You must show that these data indicate the presence of a salt sheet, that all or a portion of a potential hydrocarbon-bearing formation <u>may lie</u> beneath or adjacent to the salt sheet, and that the salt sheet interferes with identification of the potential hydrocarbon-bearing formation. You must also demonstrate that additional time is needed for geophysical work with the objective of identifying a potential hydrocarbon-bearing formation which may lead to the drilling of a subsalt well on your lease.

You may demonstrate that these conditions are met by presenting 3-D depth migrated seismic data with clear, continuous seismic reflectors away from the salt sheet that can be tied to reservoir-quality rock in an analog well. The seismic reflectors may be poorly imaged beneath the salt sheet, but the clear, continuous reflectors adjacent to the salt sheet should indicate that the analog horizon would logically extend under the salt and onto your lease.

Ultradeep SOO's

As required by 30 CFR 250.175(c), you must demonstrate that you acquired and interpreted 3-D depth migrated data by the end of the fifth year of the primary term. You must show that your

3-D depth migrated data over the entire lease area indicate that all or a portion of a potential hydrocarbon-bearing formation <u>lies</u> below 25,000 feet TVD SS. You must also demonstrate that additional time is needed for geophysical work to determine whether there is a stratigraphic or structural trap on your lease which may lead to the drilling of a well below 25,000 feet TVD SS.

You may demonstrate that these conditions are met by presenting 3-D depth migrated seismic data with minimal processing artifacts and clear, continuous seismic reflectors at the target horizon that can be tied to reservoir-quality rock in an analog well.

Paperwork Reduction Act of 1995 Statement: The collection of information referred to in this NTL provides clarification, description, or interpretation of requirements contained in 30 CFR 250, Subpart A. The Office of Management and Budget (OMB) approved the information collection requirements and assigned OMB Control Number 1010-0114. This NTL does not impose additional information collection requirements subject to the Paperwork Reduction Act of 1995.

Contact

If you have any specific questions concerning this NTL, please contact Ms. Betty Lau by email at betty.lau@mms.gov or by telephone at (504) 731-7819.

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