

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

NTL No. 2007-G24

Effective Date: September 24, 2007

**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) is issued pursuant to 30 CFR 250.103. It provides guidance for and more detail about the requirements for submitting a change to the designated operator of an OCS lease. As part of this guidance, the Minerals Management Service (MMS) Gulf of Mexico OCS Region (GOMR) is announcing that it will no longer approve Designations of Operator that involve designating an operator for individual wells or multiple wells.

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 MMS 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, the lessee must submit a new executed Form MMS-1123 to the MMS GOMR for approval. When there are multiple lessees, submit all Designation of Operator forms to MMS GOMR in a single submittal, which is subject to 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 lessee must submit a new executed Form MMS-1123 along with the service fee required by 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 individual wells or multiple wells. When the MMS GOMR approves a designation

change, the new designated operator becomes responsible for all wells, platforms, and lease term pipelines within the described lease or aliquot part(s).

2. Under 30 CFR 250.144, 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, 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.

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.

Contact

If you have any questions regarding this NTL, please contact Mr. Steven K. Waddell by telephone at (504) 736-1710 or by e-mail at steve.waddell@mms.gov.

[original signed]

Lars T. Herbst
Acting Regional Director