

Guidelines for the Minerals Management Service Renewable Energy Framework

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**U.S. Department of the Interior
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Office of Offshore Alternative Energy Programs**

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Chapter 1 – Introduction

On August 8, 2005, President Bush signed into law the Energy Policy Act of 2005 (EPAAct). EPAAct amended the Outer Continental Shelf (OCS) Lands Act to grant the Secretary of the U.S. Department of the Interior (Secretary) discretionary authority to issue leases, easements, or rights-of-way (ROW) for previously unauthorized activities that: (i) produce or support production, transportation, or transmission of energy from sources other than oil and gas; or (ii) use, for energy-related or other authorized marine-related purposes, facilities currently or previously used for activities authorized under the OCS Lands Act. EPAAct requires the Secretary to share with nearby coastal States a portion of the revenues received by the Federal Government from authorized renewable energy and alternate use projects on certain areas of the OCS. EPAAct also included a requirement that the Secretary develop any necessary regulations to implement the new authority.

On March 20, 2006, the Secretary delegated to the Minerals Management Service (MMS) the new authority that was conferred by the EPAAct. The MMS published the final rule: Renewable Energy and Alternative Uses of Existing Facilities on the OCS (REAU). The rule was published in the Federal Register on 29 April 2009 (74 FR 81, pp. 19638-19871) establishing a program to grant leases, easements, and ROWs for renewable energy project activities on the OCS, as well as certain previously unauthorized activities that involve the alternate use of existing facilities located on the OCS; and establishing the methods for sharing revenues generated by this program with nearby coastal States. The REAU regulations ensure the orderly, safe, and environmentally responsible development of renewable energy sources on the OCS.

On April 9, 2009, the Department and the Federal Energy Regulatory Commission (FERC) cleared the way for the publication of the REAU regulations by signing an agreement that clarifies each agency's jurisdictional responsibilities for leasing and licensing renewable energy projects on the OCS. Under the agreement, the MMS has exclusive jurisdiction with regard to the production, transportation, or transmission of energy from non-hydrokinetic renewable energy projects, including wind and solar. FERC has exclusive jurisdiction to issue licenses for the construction and operation of hydrokinetic projects, including wave and current, but applicants will be required to first obtain a lease through the MMS. Guidance was jointly prepared by MMS and FERC to clarify the implementation of this MOU and the final REAU regulations for projects requiring both an MMS lease and a FERC license; this has been included as Appendix A.

To assist in understanding the REAU regulations, MMS developed these guidelines. These guidelines provide program details and describe the type of information that we are looking for in various submittals that are required. These guidelines will evolve and will be revised and updated as necessary as we implement the OCS renewable energy program. Also, as we gain experience with renewable energy development on the OCS, we may update our regulations to include energy-resource-specific provisions. These guidelines do not change the letter or intent of the REAU regulations.

The initial guidelines are divided into six Chapters, including this introduction. Chapter 2 identifies the qualification requirements for a lessee, applicant, operator, or holder of a ROW grant, or RUE grant. Chapter 3 discusses maps, descriptions, and definitions relating to the OCS. Chapter 4 details the renewable energy lease and grant conveyance processes; Chapter 5 covers lease and grant administration details. Chapter 6 discusses payments. The remaining five chapters will be posted at a later date. Chapter 7 will identify financial assurance requirements; Chapter 8 will detail the plans and information requirements; Chapter 9 will explain the requirements for facility design, fabrication, and installation; Chapter 10 will cover environmental and safety management, inspection, and facility assessment requirements. Chapter 11 will discuss decommissioning requirements.

Chapter 2 – Qualification as an OCS Bidder, Lessee, Assignee, or Operator

As a bidder, lessee, assignee, operator, or holder of a ROW grant, RUE grant, or Alternate Use RUE grant, you must demonstrate you have the technical and financial capabilities to conduct the activities authorized by the lease, ROW or RUE grant. To satisfy this requirement, you must qualify as an OCS bidder, lessee, assignee, or operator per 30 CFR §§ 285.106-111. All qualification information submitted becomes part of MMS records and is available for review by the public. A lease or grant may be held only by a(n):

1. Citizen or national of the United States;
2. Alien lawfully admitted for permanent residence in the United States as defined in 8 U.S.C. § 1101(a)(20);
3. Private, public, or municipal corporation organized under the laws of any state of the United States, the District of Columbia, or any territory or insular possession subject to U.S. jurisdiction;
4. Association of such citizens, nationals, resident aliens, or corporations;
5. Executive Agency of the United States as defined in section 105 of Title 5 of the U.S. Code;
6. State of the United States; and
7. Political subdivision of states of the United States.

A lease or grant may not be held and an interest in a lease or grant may not be acquired if:

1. You or your principals are excluded or disqualified from participating in transactions covered by the Federal nonprocurement debarment and suspension system (2 CFR § 1400), unless MMS explicitly has approved an exception for this transaction;
2. The MMS determines or has previously determined after notice and opportunity for a hearing that you or your principals have failed to meet or exercise due diligence under any OCS lease or grant; or
3. The MMS determines or has previously determined after notice and opportunity for a hearing that you:

- a) Remained in violation of the terms and conditions of any lease or grant issued under the OCS Lands Act for a period extending longer than 30 days (or such other period MMS allowed for compliance) after MMS directed you to comply; and
- b) You took no action to correct the noncompliance within that time period.

A. What are the Qualification Requirements?

You must file a complete set of qualification documents with the appropriate MMS Regional Office to satisfy this requirement. The qualification documents required vary depending on the classification of the business or agency and are explained in the subsections that follow. Your assignment to an MMS Regional Office will be determined based on the Notice to Lessees, Operators and Applicants for Federal Renewable Energy Leases and Grants and Alternative Use Grants on the Outer Continental Shelf, NTLA No. REN-N01, effective June 22, 2009. Each MMS OCS Region maintains a separate mailing address. The names and prefixes are as follows:

- Gulf of Mexico OCS Regional Office — GOM
- Atlantic Regional Office — AT
- Alaska OCS Regional Office — YK
- Pacific OCS Regional Office — LA

Prospective bidders are encouraged to file their complete set of qualification documents with the Regional Office as far in advance of anticipated transactions as possible, and at least one month prior to any lease sale. Early qualification affords an opportunity for clarifying any discrepancies or omissions, thereby removing the potential for disqualification or delays, and facilitates electronic recordkeeping and payment of fees in a timely fashion.

Qualification documents should be addressed to the Regional Office. **Qualification documents must be received as a complete package, otherwise the entire package may be returned to the submitter.**

The MMS **will not accept** any filings or transactions involving companies/individuals not qualified to do business on the OCS, i.e., those *lacking acceptance* of their complete qualifications. All such documents received **will be returned**, along with any filing fee, to the submitter. This applies **even if** the company qualification, name change, or merger request and documentation have been filed with MMS.

MMS will assign a unique company code to your entity upon acceptance of your qualification and it is your responsibility to incorporate this code and the exact name of the entity specified into all future correspondence with MMS. You also have a responsibility to maintain your qualification documentation over time following the procedures outlined later in this section.

Assignees of record title interest or operating rights in a lease, ROW or RUE grants must qualify and obtain company numbers prior to filing an assignment of the interest or right.

Potential ROW or RUE grant applicants must also establish qualification prior to submitting an application. Assignments involving unqualified companies will not be accepted. Operators must qualify prior to submittal for approval of Designation of Operator forms.

Qualification documents, in general, specify the name of the entity exactly as the submitter desires it to be shown on all documents. The name of the entity as submitted on the qualification document will be the only acceptable version of the entity's name. Any required filing with a **name that deviates** from the name on file may be **returned** in its entirety and must be re-filed along with a new filing fee.

A listing of qualified companies in numeric and alphabetic order is available on request from the Regional Office to assist you in determining if your entity's desired name is already on file that are available upon request in either printed or electronic format.

Any company undergoing a corporate change, such as a merger, is encouraged to file the necessary merger documents with MMS as soon as practicable but no later than 120 days after filing with the Secretary of State for the state of its incorporation. Delayed filings will jeopardize any further acceptance of documents in the name of the new unregistered entity. **If the MMS becomes aware of a finalized merger or name change action, administrative blocks will be put in place to avoid continued actions with the new unregistered entity in the name of one of the former entities.**

Exhibits have been included in Appendix B of this Guidance document to aid entities in fulfilling the Qualification requirements. Qualification documents must comply with the requirements in the applicable REAU regulations (30 CFR §§ 285.106-109).

The MMS may require you to submit additional information at any time while considering your bid or request for a noncompetitive lease.

1. What are the Qualification Requirements for Individuals?

Leases, ROW grants, RUE grants and Alternate Use RUE grants may be held by citizens and nationals of the United States and by aliens lawfully admitted for permanent residence in the United States (30 CFR § 285.106(a)). Individuals must submit a written statement attesting to their United States citizenship (30 CFR § 285.107(b)). The citizenship statement need not be notarized, nor the age of the individual shown (Exhibit 1).

Resident aliens must submit a photocopy of the Immigration and Naturalization Service form evidencing legal status as a resident alien. Files are not maintained on individuals; therefore, a citizenship statement is required to be submitted along with each lease, ROW grant, RUE grant or Alternate Use RUE grant application. The acquisition of additional interest in the same lease, ROU grant or RUE grant does not require the submission of an additional statement.

2. What are the Qualification Requirements for Corporations, Partnerships, LLCs and Trusts?

Leases, ROW grants, RUE grants and Alternate Use RUE grants may be held by private, public or municipal corporations, Limited and General Partnerships, Limited Liability Companies and Trust that are organized under the laws of any State of the United States, the District of Columbia, or any territory or insular possession subject to U.S. jurisdiction (30 CFR § 285.106 (a)).

Any required filing incorrectly signed will be returned in its entirety and must be refiled with a new filing fee. An assignment of interest in a lease, grant, ROW or RUE must be filed within the prescribed 90 days after execution. Although the OCS Lands Act and the REAU regulations do not require a company or other entity to qualify well in advance of the time for filing business transactions, the MMS recommends and encourages entities intending to do business on the OCS to submit their qualification information and satisfy the general bond or other financial assurance requirement that must be in place before a lease, grant, ROW or RUE is issued, as far in advance as practical.

The MMS will acknowledge by letter the sufficiency of the qualification filing and assign the Regional company number by a letter of acknowledgment.

3. What documents do I need to submit to meet MMS’ qualification requirements?

The following table, which is reproduced from the REAU rule published in the Federal Register on April 29, 2009 for your convenience, contains the requirements for qualification of corporations, limited partnerships, general partnerships, LLCs, and trusts, to hold leases or grants on the OCS.

Requirements to qualify to hold leases or grants on the OCS:	Corp.	Ltd. Prtnsp.	Gen. Prtnsp.	LLC	Trust
1) Original certificate or certified copy from the State of incorporation stating the name of the corporation exactly as it must appear on all legal documents.	XX				
(2) Certified statement by Secretary/Assistant Secretary over corporate seal, certifying that the corporation is authorized to hold OCS leases.	XX				
(3) Evidence of authority of holders of titled positions to bind corporation, certified by Secretary/Assistant Secretary over corporate seal, including the following: (i) Certified copy of resolution of the board of directors with titles of officers authorized to bind corporation. (ii) Certified copy of resolutions granting corporate officer authority to issue a power of attorney. (iii) Certified copy of power of attorney or certified copy of resolution granting power of attorney.	XX				
(4) Original certificate or certified copy of partnership or organization paperwork registering with the appropriate State official.		XX	XX	XX	

Requirements to qualify to hold leases or grants on the OCS:	Corp.	Ltd. Prtnsp.	Gen. Prtnsp.	LLC	Trust
(5) Copy of articles of partnership or organization evidencing filing with appropriate Secretary of State, certified by Secretary/Assistant Secretary of partnership or member or manager of LLC.		XX	XX	XX	
(6) Original certificate or certified copy evidencing State where partnership or LLC is registered. Statement of Authority to hold OCS leases, certified by Secretary/Assistant Secretary, OR original paperwork registering with the appropriate State official.		XX	XX	XX	
(7) Statements from each partner or LLC member indicating the following: (i) If a corporation or partnership, statement of State of organization and authorization to hold OCS leases, certified by Secretary/Assistant Secretary over corporate seal, if a corporation. (ii) If an individual, a statement of citizenship.		XX	XX	XX	
(8) Statement from general partner, certified by Secretary/Assistant Secretary that: (i) Each individual limited partner is a U.S. citizen and; (ii) Each corporate limited partner or other entity is incorporated or formed and organized under the laws of a U.S. State or territory.		XX			
(9) Evidence of authority to bind partnership or LLC, if not specified in partnership agreement, articles of organization, or LLC regulations, i.e., certificates of authority from Secretary/Assistant Secretary reflecting authority of officers.		XX	XX	XX	
(10) Listing of members of LLC certified by Secretary/Assistant Secretary or any member or manager of LLC.				XX	
(11) Copy of trust agreement or document establishing the trust and all amendments, properly certified by the trustee with reference to where the original documents are filed.					XX
(12) Statement indicating the law under which the trust is established and that the trust is authorized to hold OCS leases or grants.					XX

For examples of different types of certifications and filing requirements for Corporations see Exhibits 2, 3 and 4; for Limited Liability Company filings for a complex LLC with many members see Exhibits 5. For a simpler, one-member LLC, see Exhibit 6. For Partnerships see Exhibits 7 through 17. For examples of a Trust, see Exhibit 18.

4. What are the Qualification Requirements for a State or Political Subdivision of a State of the United States?

A local, State, or Federal agency must submit a written statement that: a) It is authorized by governing law to hold a lease or grant for the purpose sought; and b) The person(s) acting on behalf of the agency is authorized to bind the agency in its business with the MMS. A local, State, or Federal agency will also be assigned a number corresponding to their request for a lease or grant.

B. How do I maintain my Qualification File?

All qualification files are available for public review. Each qualified entity is responsible for maintaining current information and thus avoid having required filings returned for incorrect signatures, etc. A qualified entity is one that meets the requirements listed at the beginning of this Chapter per 30 CFR §§ 285.106-111. Changes should be forwarded to your assigned OCS Regional Office so that the qualification records can be updated. Entities wishing to close their qualification files should make a written request for such an action to the appropriate OCS Regional Offices, e.g., when an entity becomes obsolete due to merger, closure, or shift away from leasing activity.

The following nonexclusive list gives typical examples of the kinds of qualification updates routinely filed with MMS:

- Affidavit
- Assistant Secretary's certificate
- Certificate of dissolution
- Certificate of incumbency
- Change of address
- Consent of Directors
- Delegation of Authority
- List of corporate officers
- Power of Attorney
- Resolution of the Board of Directors
- Revocation of Power of Attorney
- Secretary's certificate
- Written consent of the Board of Directors

1. What must be submitted for a Change of Name?

To process a change of name for an entity already qualified, the following evidence is required to be filed. **(All documents should be filed together as a package or the filing may not be accepted.)**

- a) Copy of Certificate of Amendment to the formation document – that is, the Articles of Incorporation, the Articles of Partnership, the Articles of Organization (or Formation) of the LLC, etc., indicating the change of name, or Certificate of Ownership and Merger or Merger Agreement, including the following:

1. Certificate of the Secretary of State of the State of incorporation, duly certified by the Secretary or Assistant Secretary of the corporation, over the corporate seal (Exhibits 19-21) if a corporation;
 2. or duly certified by a partner if a partnership;
 3. or duly certified by a member if an LLC; or
 4. or duly certified by a trustee if a trust;
- b) Notification indicative of the **effective date of the change of name**;
- c) Evidence of authority of persons empowered to execute for and on behalf of the entity under the new entity name, certified by the certifying party in (a) above. (Exhibit 22);
- d) Statement indicating that the entity is incorporated or formed under the laws of the State of incorporation and is authorized to hold renewable energy leases, ROWs and/or RUEs on the OCS, certified by the certifying party in (a) above. (Exhibit 23);
- e) List of the authorized officers of the entity, certified by the certifying party in (a) above. (Exhibit 24);
- f) When an entity has provided a bond to the MMS, a rider to be attached to the original bond, which changes the name of the principal on the original bond. The rider should include identifying information such as bond number and amount and where the bond is lease specific, the lease number and the official lease description. The address of the principal and the surety should be included in the appropriate signature blocks. (Exhibit 25). **The corporate seal for both principal and surety must be distinctly embossed on the rider.**
- g) Separate listings of all MMS leases, ROWs and/or RUEs affected by the change in corporate name (Exhibit 26). **The corporate seal must be distinctly embossed on each certificate executed by an entity that is a Corporation.**

2. What must be submitted for a Merger?

If an unqualified company merges into a qualified company, but such merger does not affect the corporate structure of the qualified company, the unqualified company need not establish qualifications nor is it necessary that the merger be filed. When two companies merge and the certificate of the Secretary of State is issued, MMS will only conduct business with the surviving corporate entity. Timely filing of all necessary documents will facilitate the continuation of business with MMS.

To process a merger of companies already qualified in the Regional Office, the following evidence is required to be filed:

- a) Copy of the Certificate of Ownership and Merger or Merger Agreement, including the following:
1. Certificate of the Secretary of State of the State of incorporation or formation, duly certified by the Secretary or Assistant Secretary of the corporation, over the corporate seal if a corporation;
 2. or duly certified by a partner if a partnership;
 3. or duly certified by a member if an LLC;
 4. or duly certified by a trustee if a trust; (Exhibits 27-29);
- b) Notification indicative of the effective date of the merger;

- c) Statement identifying the surviving corporation as being incorporated under the laws of the State of incorporation (indicate State) and that it is authorized to hold mineral leases and/or ROWs on the OCS, duly certified by the certifying party in (a) above. (Exhibit 30);
- d) List of officers authorized and empowered to execute for and on behalf of the surviving corporation, duly certified by the certifying party in (a) above. (Exhibit 31);
- e) Evidence of authority of persons empowered to execute for and on behalf of the surviving corporation, duly certified by the certifying party in (a) above. (Exhibit 32);
- f) When an entity has provided a bond or bonds to the MMS, a request that all bonds on file with the merged company as principal be canceled (bonds must be identified by bond number, map area and block);
- g) A listing of MMS leases, ROWs and/or RUEs, separately identified, that are affected by the merger;
- h) Using the following guidance, the **required** Designations of Operator form (explained below) for each lease operator or owner must be filed along with all other documents, or the package of all documents may be returned to the submitter. The MMS will publish the required Designations of Operator form and make it available to the lessee.
 1. When a company that owns interest in a lease(s) is merged into another company that does not own interest in the same lease, the surviving company must submit new Designation of Operator forms designating the current operator of the lease(s).
 2. When a company that owns interest in a lease(s) is merged into another company that owns interest in the same lease, the surviving company does not need to submit Designation of Operator forms designating the current operator of the lease(s).
 3. When a company merging into another company is the current operator of a lease(s), all record title holders and owners of operating rights must submit Designation of Operator forms designating the surviving company as operator of the lease(s).
 4. When the company being merged owns 100 percent of the record title interest and is the operator, the surviving company does not need to designate itself.

The corporate seal must be distinctly embossed on each certificate executed by an entity that is a Corporation.

3. What must be submitted for a Business Conversion?

The MMS recognizes that states are allowing a change to a business entity type through a process called conversion. A conversion is a transaction in which one type of business entity becomes a different type of business entity, where all assets and liability of the converting entity vest in the converted entity, and where the converted entity is practically the same entity that existed before the conversion. The conversion

accomplishes the same result as a merger; however, a conversion involves only a single entity whose original existence is not affected.

For our purposes, the conversion will be treated as a combination new qualification and name change. Therefore, to effect the conversion of an entity already qualified with the MMS, the following documents are required to be filed:

- a) If the converted entity is a corporation, you are required to submit those documents listed under paragraphs 1 through 3 in the chart of required filings in section A.3.
- b) If the converted entity is a limited partnership, you are required to submit those documents listed under paragraphs 4 through 9 in the chart of required filings in section A.3.
- c) If the converted entity is a general partnership, you are required to submit those documents listed paragraphs 4 through 7 and paragraph 9 in the chart of required filings in section A.3.
- d) If the converted entity is a limited liability company, you are required to submit those documents listed under paragraphs 4 through 7 and paragraphs 9 and 10 in the chart of required filings in section A.3.

In addition to the above, you must submit the following:

- e) A certificate of conversion including the Certificate of the Secretary of State that evidences filing of the conversion documents, duly certified by the Secretary or Assistant Secretary or other record keeper of the converted entity.
- f) Effective date of the conversion is normally shown in the conversion certificate; however, if not, please specify in the transmittal letter.
- g) Separate listing of all MMS leases, ROWs and/or RUEs affected by the conversion.
- h) When an entity has provided a bond to the MMS, a rider to be attached to the original bond that changes the name of the principal on the original bond. The rider should include identifying information such as bond number and amount and, if the bond is lease specific, the lease number and the official lease description. The address of the principal and the surety should be included. **The corporate seal for both principal and surety must be embossed on the rider.**

4. When do I notify MMS of Bankruptcy or Insolvency?

You must notify MMS within three business days after you learn of any action filed alleging that you are insolvent or bankrupt.

Chapter 3 – Maps, Descriptions, and Definitions Relating to the OCS

A. What are the OCS Leasing Areas?

1. Descriptions

a) OCS Planning Areas

There are 26 planning areas on the OCS (Appendix C, Figures 1 and 2) used only for administrative planning purposes. Planning areas are large contiguous geographic areas

on the OCS that are composed of defined OCS blocks, entire protraction diagrams and/or leasing map areas. The Mapping and Boundary Branch of MMS maps the offshore boundaries associated with the leasing program. They provide maps and GIS data for the MMS Offshore Leasing Regions which can be found online at:

<http://www.mms.gov/ld/Maps.htm>.

Alaska

There are 15 planning areas in the Alaska Region, all of which are based on a metric NAD83 Universal Transverse Mercator (UTM) grid system. The 15 planning areas cover 12 UTM zones. Units of measurement in this region are all metric (meters and hectares). For an index map of the Official Protraction Diagrams in the Alaska region, go to

http://www.mms.gov/ld/Offshore_Cadastre/Alaska/pdf/akindex.pdf

The planning areas are as follows:

Name	Acres (millions)
Chukchi Sea	62.59
Beaufort Sea	65.08
Hope Basin	12.82
Navarin Basin	34.02
North Aleutian Basin	32.45
St. Georges Basin	70.23
Norton Basin	24.25
Cook Inlet	5.36
Gulf of Alaska	112.10
Shumagin	84.65
Kodiak	89.00
Aleutian Arc	259.06
Aleutian Basin	41.33
Bowers Basin	87.59
St. Matthew-Hall	54.57

Atlantic

There are four planning areas in the Atlantic Region, all of which are based on a metric NAD83 Universal Transverse Mercator (UTM) grid system. The four planning areas cover four UTM zones. Units of measurement in this region are all metric (meters and hectares). For an index map of the Official Protraction Diagrams in the Atlantic region, go to

http://www.mms.gov/ld/Offshore_Cadastre/Atlantic/pdf/atlanticindex.pdf

The planning areas are as follows:

Name	Acres (millions)
North	92.32
Mid	112.83
South	54.34
Straits of Florida	9.64

Gulf of Mexico

There are three planning areas in the Gulf of Mexico Region. The Gulf of Mexico has a variety of map types and map projections. Official Protraction Diagrams in the Gulf of Mexico are mapped based on the NAD27 UTM grid system but are not strictly aligned along the UTM boundaries and vary slightly from one map to the next. Leasing Maps for Texas or Louisiana are projected based on the NAD27 State Plane Coordinate System of the State whose administrative line surrounds the leasing map in question. Units of measurement in this region are all English (feet and acres). For an index map of the Leasing Maps & Official Protraction Diagrams in the Gulf of Mexico region, go to <http://www.gomr.mms.gov/homepg/lseale/opd2.pdf>

The planning areas are as follows:

Name	Acres (millions)
Western	28.58
Central	66.45
Eastern	64.56

Pacific

There are four planning areas in the Pacific Region, all of which are based on a metric NAD83 Universal Transverse Mercator (UTM) grid system. The four planning areas cover three UTM zones. Units of measurement in this region are all metric (meters and hectares). For an index map of the Official Protraction Diagrams in the Pacific region, go to http://www.mms.gov/ld/Offshore_Cadastre/Pacific/pdf/pacific.pdf

The planning areas are as follows:

Name	Acres (millions)
Washington/Oregon	71.00
Northern California	44.79
Central California	43.68
Southern California	88.98

b) OCS Leasing Maps

An OCS Leasing Map (Appendix C, Figure 3) is a map showing subdivisions of the OCS intended for leasing purposes. It is constructed on a State Plane Coordinate grid and uses feet and acres for measurement. Leasing maps are based on NAD27 State Plane Coordinate System of the State whose administrative line surrounds the leasing map in question, as explained in the previous section. Leasing Maps exist only for Texas and Louisiana, in the Central and Western Planning Areas of the Gulf of Mexico.

c) OCS Official Protraction Diagrams

An OCS official protraction diagram (OPD) is an MMS drawing showing subdivisions of the OCS intended for leasing purposes (Appendix C, Figure 4). OPDs are based on various zones of the UTM projection and grid system.

2. Definitions

a) OCS Block

OCS blocks are used to assist in leasing on the OCS. Blocks are numbered areas depicted on the OPDs or Leasing Maps. Most are of a uniform size according to the projection and type of map on which they are depicted, but many are of non-uniform size and shape due to their proximity to an adjacent map, projection zone, or boundary.

b) Partial Block

Partial block refers to the lease status of a block; that is, the block is partially leased.

3. Legal Descriptions

A legal description for a renewable energy lease on the OCS contains the map/OPD or Leasing Map Name & Number, the map name, and the block number. If only a portion of a full block is being described, MMS will describe it by aliquot parts, X and Y coordinates, or combinations of both.

The following are some examples of legal descriptions:

All of Block 397, Eugene Island Area, South Addition, OCS Leasing Map, Louisiana Map No. 4A; and all of Block 4, Green Canyon, OCS Official Protraction Diagram NG 15-3.

All of Block 790, Ewing Bank, OCS Official Protraction Diagram NH 15-12. That portion of Block 870, Mobile, OCS Official Protraction Diagram NH 16-4, which is more than three geographical miles seaward from the mean low water line off the coast of Mississippi and/or Alabama.

B. What are the Map Products MMS provides?

The OCS leasing program is supported by the following map products and diagrams designed to aid in legal location, research, and participation in the offshore leasing program.

1. Supplemental Official OCS Block Diagrams (Split Block Diagrams)

Supplemental official OCS block diagrams (SOBDs), also known as Split block diagrams are MMS drawings developed as supplements to OPDs and Leasing Maps. They depict areal measurements, projected (those lines created based on a legal definition of distance from shore or another boundary such as the Submerged Lands Act (SLA) or 8(g) lines) and non-projected boundaries (those lines created based on a defined set of coordinates such as a international or State boundary for individual OCS marine cadastre blocks. Additionally, they contain the number of acres or hectares of the block contained within each of the individual split areas. Only blocks that get split by official boundaries have associated SOBDs and therefore not all blocks on the OCS will have an SOBD available (Figure 4).

2. Owner/Operator Maps

Owner/operator maps are maps with labels and lease lines indicating lease number, owner, operator, and boundaries. The designated operator for the lease is routinely indicated unless the lessee has not designated an operator, in which case the name of the lessee appears.

3. Base Maps that may show Fairways/Anchorages, Military Warning Areas, Active Leases, and Structures

Base maps show active leases, the OCS lease number, the designated operator, and may show fairways/anchorages, military warning areas, or other information. These maps, available by planning area, at an approximate scale of 1 inch = 65,000 feet (½" block size), are updated periodically. They can be found on the MMS website:

<http://www.mms.gov/ld/Maps.htm>.

4. Visuals

Visuals are thematic color maps of the entire leasing area or specific portions of the leasing area. Visuals contain information such as general information on areas under lease, structures and pipelines, regulatory information (e.g., areas containing specific lease stipulations), and multiple use areas.

Chapter 4 - Renewable Energy Lease and Grant Conveyance Processes

The MMS is authorized to issue leases and grants on the OCS for renewable energy projects. The MMS conveys these leases and grants according to the provisions of the REAU rule. It is the goal of MMS to issue these leases and grants through a simple and straightforward process and in a fair and equitable manner. We encourage applicants to initiate a dialogue with MMS early in the application process. The relevant subparts of the REAU rule which this guide chapter addresses are Subpart B—Issuance of OCS Renewable Energy Leases (30 CFR §§ 285.200-238) and Subpart C—Rights-of-Way Grants and Rights-of-Use and Easement Grants for Renewable Energy Activities (30 CFR §§ 285.300-316).

The MMS issues two types of renewable energy leases on the OCS: (i) commercial, and (ii) limited; and two types of renewable energy grants on the OCS: (iii) ROW, and (iv) RUE, as described in section A of this Chapter. The OCS Lands Act requires that MMS issue leases, easements, and ROWs competitively, unless after public notice of a proposed lease MMS determines that there is no competitive interest. If MMS determines that there is competitive interest, MMS proceeds with the competitive leasing process described in section B of this Chapter. If MMS determines that there is no competitive interest, MMS proceeds with the noncompetitive leasing process described in section C of this Chapter. Further information regarding the ROW and RUE grant process is described in section D. Alternate Use RUEs as described in Subpart J of the REAU regulations will not be discussed in this Chapter. Separate guidance will be provided for that process.

A. What are the Types of Leases and Grants that MMS may issue?

1. Commercial Leases

The MMS issues commercial leases for the access and operational rights to produce, sell, and deliver renewable energy on a commercial scale. A commercial lease is issued for the long term and conveys preferential rights to project easements on the OCS for the purpose of installing transmission and distribution systems. A commercial lease does not contain limits on the amount of energy to be produced and sold.

2. Limited Leases

The MMS issues limited leases for the access rights to the OCS necessary to conduct activities such as site assessment and technology testing that support production of renewable energy. A limited lease is issued for a shorter term than a commercial lease and also conveys preferential rights to project easements on the OCS to interconnect necessary cables or pipelines to electricity or other power distribution systems for testing and information gathering purposes. Limited leases do not authorize long-term or large-scale commercial operations; however, limited leases may provide the right to produce and sell small amounts of renewable energy within limits set by the terms and conditions of the lease and as authorized under the General Activities Plan (GAP). Limited leases cannot be converted to commercial leases.

3. Rights-of-Way Grants

The MMS will issue ROW grants that authorize the installation of cables, pipelines and associated facilities on the OCS that involve the transportation or transmission of electricity or other energy product from any renewable energy resource not associated with a single OCS renewable energy lease. For example, the MMS may issue a ROW grant for a transmission cable on the OCS that runs parallel to shore in support of multiple offshore projects.

4. Rights-of-Use and Easement Grants

The MMS will issue RUE grants that authorize the construction and operation of facilities or other installations on the OCS that support the production, transportation, or transmission of electricity or other energy products from any renewable energy resource not associated with a single OCS renewable energy lease. For example, the MMS may issue a RUE grant for a service facility or installation supporting multiple offshore renewable energy projects.

B. What are the steps in the Competitive Leasing Process?

The MMS is required to issue leases competitively according to the OCS Lands Act, unless, after public notice, MMS determines that there is no competitive interest. The competitive leasing process is further described in this section.

1. Requests for Interest

The MMS may publish in the Federal Register a general or specific Request for Interest (RFI) to assess interest in leasing all or part of the OCS for leases, or granting easements, and ROWs. In response to an RFI, prospective applicants must submit information that is described in 30 CFR § 285.213 such as the area of interest for a lease; a general

description of the project's objectives and facilities; a general schedule of proposed activities; available and relevant renewable energy resource and environmental data related to the area of interest for the project; project facilities, devices and infrastructure; anticipated power production and likely purchasers; a statement that the proposed project activity conforms with State and local energy planning requirements, initiatives or guidance; documentation showing the applicant is qualified to hold a lease (per 30 CFR § 285.107); and any other information requested in the Federal Register notice, as outlined in 30 CFR § 285.213. Based on the information MMS receives, the MMS will determine whether there is competitive interest. If there is competitive interest, the MMS may prepare and issue a national, regional, or more specific schedule of lease sales for one or more types of renewable energy. If the MMS determines that there is no competitive interest in the areas proposed, applicants may file unsolicited requests for the non-competitive issuance of leases.

The MMS will withhold trade secrets and commercial or financial information that is privileged or confidential from public disclosure under exemption 4 of the FOIA and as provided in 30 CFR § 285.113.

2. Calls for Information and Nominations

The MMS may publish in the Federal Register a Call for Information and Nominations (Call) for leasing in specified areas. The MMS will use the Call as the first step in a competitive lease sale process. All interested and affected parties should respond to the Call and provide information about the proposed leasing activities and existing conditions that may affect or be affected by those activities. Prospective lessees should submit an application containing the information as outlined in 30 CFR § 285.213 (the same information that is required in response to a RFI) within 45 days of publication of the Call in the Federal Register. The MMS will not accept nominations after the Call closes.

3. Area Identification

The MMS identifies areas for environmental analysis and consideration for leasing, in consultation with appropriate Federal agencies, States, local governments, affected Indian tribes, and other interested parties. The MMS considers areas for leasing that were nominated in response to the Call or areas that MMS deems appropriate.

4. Sale Notices

For a lease sale, the MMS first publishes a Proposed Sale Notice and then a Final Sale Notice in the Federal Register. A sale notice includes information regarding the lease area, lease provisions and conditions, auction details, lease form, bid evaluation criteria, lease award and appeal procedures, and lease execution procedures.

a) Proposed Sale Notice

The MMS publishes a Proposed Sale Notice in the Federal Register requesting public comment on the items listed in 30 CFR § 285.216. A comment period follows issuance of a Proposed Sale Notice and continues for 60 days. All public comments received are considered in developing the final lease sale terms and conditions.

b) Final Sale Notice

After consideration of all public comments received in response to the Proposed Sale Notice, the MMS develops the final lease sale terms and conditions. The details of the final lease sale terms and conditions (final details on the items in 30 CFR § 285.216) are published in a Final Sale Notice in the Federal Register at least 30 days before the date of sale.

5. Lease Sales

a) Sale Maps and Supporting Documents

One or more maps are included in the lease sale notice package, providing block-specific information and requirements.

b) Auction Formats

The MMS uses auctions at a lease sale to award leases. Details on the type of auction and information such as the bidding system, bidder eligibility, bidder deposits, bid variable, minimum bid amounts, bid increments, criteria for ending or continuing the auction, method for determining provisional winning bidder(s) and evaluation of bid adequacy are included in the Proposed Sale Notice. As mentioned previously, there is a 60-day comment period after the MMS publishes the Proposed Sale Notice in the Federal Register. Final details on the auction appear in the Final Sale Notice, which is published in the Federal Register at least 30-days prior to the lease sale.

There are four types of auctions that MMS may use to award renewable energy leases : sealed bidding, ascending bidding, two-stage bidding, and multiple-factor bidding; as described in 30 CFR § 285.220. Sealed bidding consists of a single round of bidding and provides for each lease sale participant to submit a single bid, after which MMS announces publicly the high bidder. Ascending bidding involves multiple rounds of bidding and provides for participants to submit increasing sequential bids over a specific time period. Two-stage bidding combines sealed bidding and ascending bidding; MMS may use one or both formats in each bidding stage. A multiple-factor auction may be employed to rank proposals, resulting in a lease award to the bidder making what MMS determines to be the best offer. Single or multiple financial bid variables may be considered along with nonmonetary variables, such as technical merit, public benefits, or consistency with State and local needs. The MMS reviews information received in response to a RFI and a Call before announcing a sale design and auction format in the Final Sale Notice.

There are six types of bidding systems the MMS may use for renewable energy auctions: 1) cash bonus with a constant fee rate (decimal), 2) constant operating fee rate with fixed cash bonus, 3) sliding operating fee rate with fixed cash bonus, 4) cash bonus and operating fee rate, 5) cash bonus and sliding operating fee rate, or 6) multiple factor combination of monetary and nonmonetary factors; as described in 30 CFR § 285.221. The bid variable is generally subject to a minimum bid level and potentially to a reservation price, both of which MMS establishes in the Final Sale Notice. For commercial leases, the MMS may use any of the six bidding systems. For limited leases,

the cash bonus is the only bid variable used. The MMS publishes details related to the bidding system to be used for each lease sale in the Final Sale Notice.

c) Bidding Procedures

Applicants should submit bids and other information required to be submitted with bids, according to details outlined in the Final Sale Notice published in the Federal Register. The MMS publishes a preferred bid form for sealed bid auctions with the Final Sale Notice. The MMS requires that bid deposits and payment balances be submitted in accordance with Chapter 6, Payments, of this guide, and in accordance with the applicable regulations. The MMS evaluates bids received for technical and legal adequacy as well as financial capability and for compliance with applicable regulations. The MMS reserves the right to reject any or all bids and the right to withdraw an area from sale.

The MMS opens sealed bids at the place, date, and hour specific in the Final Sale Notice to announce and record bids publicly. However, the MMS does not accept or reject bids at that time. The MMS determines the winning bids according to the bid evaluation criteria established in the Final Sale Notice and according to 30 CFR § 285.222. In the event of a tied bid, the MMS holds another round or stage of bidding (except for the first stage of a two-stage bidding auction), which is described in the Final Sale Notice, as established in 30 CFR § 285.223.

The MMS sends a written notice of the decision to accept or reject bids to all bidders whose deposits MMS holds, and refunds any money deposited with a rejected bid. A bid rejection may be appealed to the MMS Director in writing within 15 days of bid rejection, per 30 CFR §§ 285.218 and 285.225. The MMS responds to all such appeals by either affirming or rejecting the appeal.

d) Equal Opportunity Forms

Before any leases are issued, each company must submit the certification required by 30 C.F.R. Part 270. This certification is done by means of the Affirmative Action Program Representation Form (MMS 2032) and can be found at www.gomr.mms.gov/homepg/mmsforms/Leasing/2032.pdf and the Affirmative Action Compliance Report Certification Form (MMS 2033), which also can be found at www.gomr.mms.gov/homepg/mmsforms/Leasing/2033.pdf. These forms may not be altered. On Form MMS 2032, if a company checks the box indicating they “. . . have not developed . . .” and the reason is that the company has fewer than 50 employees, that information must be typed on both Forms MMS 2032 and MMS 2033.

If a company has an Affirmative Action Program (AAP) in effect, Equal Employment Opportunity (EEO) Forms (MMS 2032 and MMS 2033) should be filed at the time a company submits the other required documents to receive a Regional company number. If a company already has a company number and now has an AAP in place, it may file the two required EEO forms at any time. Filing should occur with the Regional Office a company is assigned as indicated in Chapter 2 of this guidance and Notice to Lessees and Applicants (NTLA) No. REN-N01. Once a company has submitted the certification

forms, has an AAP in place, and has complied with the requirements, no additional actions are required.

A company needs to file Forms MMS 2032 and MMS 2033 once only if the company has an AAP. If a company has fewer than 50 employees and does not have an AAP, it must complete both MMS forms for each lease sale before any lease can be awarded. The forms may be signed by any company official and should be returned pursuant to 30 CFR § 285.224.

C. What are the steps in the Noncompetitive Leasing Process?

The MMS anticipates that initial leasing of renewable energy sites on the OCS may be driven by unsolicited applications from project proponents, rather than by an MMS-initiated RFI in an area. However, the MMS may issue an RFI and receive expressions of interest that the MMS may determine, after public notice, to be noncompetitive. The noncompetitive leasing process is outlined in this section and in 30 CFR §§ 285.230-232. Each unsolicited application is reviewed on a case-by-case basis. The MMS will not consider an unsolicited request for a lease in an area of the OCS that is scheduled for a lease sale. An unsolicited request for a commercial or limited lease must include information listed per 30 CFR § 285.230(a-g) and an acquisition fee per § 285.502(a).

The MMS is required by the OCS Lands Act to issue leases competitively, unless after public notice of a proposed lease MMS determines that there is no competitive interest. The MMS issues a RFI relating to the proposal and then considers the comments it receives to determine if competitive interest exists. If MMS determines that there is no competitive interest in the proposed lease, MMS publishes a notice indicating such determination in the Federal Register. A site assessment plan (SAP) for a commercial lease or a general activities plan (GAP) for a limited lease must be submitted within 60 days of the notice of determination of no competitive interest. A noncompetitive lease may be issued if the MMS approves or approves with conditions the SAP or GAP and after the necessary environmental analyses and documentation have been completed.

D. What are the steps in the ROW and RUE Grant issuance process?

The MMS is required by the OCS Land Act to issue ROW grants and RUE grants through a competitive process unless MMS determines after public notice that there is no competitive interest. To request a ROW grant or RUE grant, an applicant must submit the information listed in 30 CFR § 285.305 to the MMS as well as documentation showing the applicant is qualified to hold a lease (per 30 CFR § 285.107). The MMS considers such requests on a case-by-case basis.

With each request for a ROW grant or RUE grant, the MMS first determines if there is competitive interest, as provided in 30 CFR § 285.307, by issuing a public notice describing the project, evaluating comments received, and issuing a notice of a determination of no competitive interest. Due to the nature of potential activities associated with ROW grants and RUE grants, as well as the limited areal requirements involved, it is unlikely that there should be much, if any, competition. However, if MMS

determines there is competition, the MMS publishes a notice of grant auction in the Federal Register describing the auction process and allowing interested individuals 30 days to comment. The MMS then conducts a competitive auction per the process outlined in section B (v) of this Chapter and in accordance with 30 CFR §§ 285.220-225. If the MMS proceeds to issue the grant competitively, the applicant must make a deposit as required in 30 CFR § 285.315 and §285.501(a).

If MMS determines there is no competitive interest in the grant, MMS follows the procedures outlined in 30 CFR § 285.306 and establishes the terms and conditions for the grant. A general activities plan (GAP) for the RUE or ROW must be submitted within 60 days of the notice of a determination of no competitive interest. A grant may be issued if the MMS approves or approves with conditions the GAP and after the necessary environmental analyses and documentation have been completed.

Chapter 5 - Lease and Grant Administration

Information related to the lease and grant issuance, designation of operator, assignment, renewal, termination, contraction and cancellation, are discussed in this Chapter. The relevant subpart of the REAU rule for this guide that this Chapter addresses is Subpart D—Lease and Grant Administration (30 CFR §§ 285.400-437).

A. What are the terms and conditions of my Lease or Grant?

Under a renewable energy lease issued by MMS, the lessee has the right to construct and operate facilities and installations on a designated portion of the OCS for the purpose of conducting commercial or other non-commercial activities that support or relate to the production of energy from a renewable energy source. A commercial lease conveys the access, construction and operational rights on the OCS to produce, sell, and deliver power on a commercial scale. A limited lease conveys the access, construction and operational rights necessary to conduct activities on the OCS such as site assessment and technology testing that support or relate to the production of renewable energy. Both commercial and limited leases convey the preferential right to project easements on the OCS for the purposes of installing transmission and distribution systems.

A ROW grant authorizes the installation of cables, pipelines and associated facilities on the OCS that involve the transportation or transmission of electricity or other energy product from any renewable energy resource not associated with a single OCS renewable energy lease. A RUE grant authorizes the construction and operation of facilities or other installations on the OCS that support the production, transportation or transmission of electricity or other energy product from any renewable energy resource not associated with a single OCS renewable energy lease.

The final terms and conditions of any commercial or limited lease, or ROW or RUE grant issued by MMS are published in the Proposed and Final Sale Notices in the Federal Register and documented in the lease.

1. What is the Effective Date of my Lease or Grant?

A commercial or limited renewable energy lease issued by MMS must be dated and becomes effective on the first day of the month following the date the lease is signed by the MMS. A lease may be dated and become effective the first day of the month in which it is signed by the MMS if the lessee submits a written request and MMS approves, per 30 CFR § 285.237. A ROW grant or RUE grant becomes effective on the date established by MMS on the grant, per 30 CFR § 285.310.

2. What is the Length of my Lease or Grant Term?

The length of a commercial lease may vary and the terms are described in the table below, which also appears in the REAU published in the Federal Register on 29 April 2009. Generally, a competitively issued commercial lease has a preliminary 6-month term, beginning on the effective date of the lease, to prepare and submit to MMS the required site assessment plan (SAP). A noncompetitively issued commercial lease does not have a preliminary term because lease issuance and SAP approval occur simultaneously. Following the preliminary term for a competitively issued commercial lease, the second term is 5 years, beginning when MMS approves the SAP. The SAP term is the first term of a noncompetitively issued commercial lease. The third term for the competitively issued commercial lease, and second term for the noncompetitively issued commercial lease, is the construction and operations term (COP) of 25 years. For more information, refer to the relevant preamble and regulatory framework section 30 CFR § 285.235.

Lease Term	Automatic Extensions	Requirements
(1) Each commercial lease issued competitively will have a preliminary term of 6 months to submit: (i) a SAP; or (ii) a combined SAP and COP. The preliminary term begins on the effective date of the lease. A commercial lease issued noncompetitively does not have a preliminary term.	If we receive a SAP that satisfies the requirements of §§ 285.605 through 285.613 or a SAP/COP that satisfies the requirements of §§ 285.605 through 285.613 and §§ 285.620 through 285.629, the preliminary term will be extended for the time necessary for us to conduct technical and environmental reviews of the SAP or SAP/COP.	The SAP must meet the requirements of §§ 285.605 through 285.613. The SAP/COP must meet the requirements of §§ 285.605 through 285.613 and §§ 285.620 through 285.629.
(2) A commercial lease will have a site assessment term of 5 years to conduct site assessment activities and to submit a COP, if a SAP/COP has not been submitted. Your site assessment term begins when MMS approves your SAP or SAP/COP.	If we receive a COP that satisfies the requirements of §§ 285.620 through 285.629, the site assessment term will be automatically extended for the period of time necessary for us to conduct technical and environmental reviews of the COP.	The COP must meet the requirements of §§ 285.620 through 285.629 of this part.

Lease Term	Automatic Extensions	Requirements
<p>(3) A commercial lease will have an operations term of 25 years, unless a longer term is negotiated by applicable parties. A request for lease renewal must be submitted 2 years before the end of the operations term. If you submit a COP, your operations term begins on the date that we approve the COP. If you submit a SAP/COP, your operations term begins 5 years after the date we approve the SAP/COP, or when fabrication and installation commence, whichever is earlier.</p>		<p>The lease renewal request must meet the requirements as provided in §§ 285.425 through 285.429.</p>
<p>(4) A commercial lease may have additional time added to the operations term through a lease renewal. The term of the lease renewal will not exceed the original term of the lease, unless a longer term is negotiated by applicable parties. The lease renewal term begins upon expiration of the original operations term.</p>		<p>We may order or grant a suspension of the operations term, as provided in §§ 285.415 through 285.421.</p>

The length of limited lease terms are described in the table below, which also appears in the REAU published in the Federal Register on April, 29 2009. Generally, each competitively issued limited lease has a preliminary 6-month term, beginning on the effective date of the lease, in which the lessee must prepare and submit the general activities plan (GAP) which combines plans for site assessment with construction and operations activities. Noncompetitively issued limited leases do not have a preliminary term because lease issuance and GAP approval occur simultaneously. Generally, the second term for the competitively issued limited lease and the first term for the noncompetitively issued limited lease are the 5-year construction and operations term, beginning on the date MMS approves the GAP. For more information, refer to the relevant preamble and regulatory framework section 30 CFR § 285.236.

Lease Term	Extension or Suspension	Requirements
<p>(1) Each limited lease issued competitively has a preliminary term of 6 months to submit a GAP. The preliminary term begins on the effective date of the lease.</p>	<p>If we receive a GAP that satisfies the requirements of §§ 285.640 through 285.648 of this part, the preliminary term will be automatically extended for the period of time necessary for us to conduct a technical and environmental review of the plans.</p>	<p>The GAP must meet the requirements of §§ 285.640 through 285.648.</p>

Lease Term	Extension or Suspension	Requirements
(2) The operations term begins when MMS approves your GAP and issues your lease. A limited lease issued noncompetitively does not have a preliminary term.		You must submit and MMS must approve your GAP before we will issue a lease. The GAP must meet the requirements of §§ 285.640 through 285.648.
(3) Each limited lease has an operations term of 5 years for conducting site assessment, technology testing, or other activities. The operations term begins on the date that we approve your GAP.	We may order or grant a suspension of the operations term as provided in §§ 285.415 through 285.421.	

ROW grants and RUE grants remain in effect as long as they are properly maintained and used for the purpose for which the grant was originally made, unless otherwise expressly stated in the grant as described in 30 CFR § 285.303.

B. What happens if I do not comply with the Terms of my Lease or Grant?

The MMS expects the lessee, operator, or grant holder to comply with applicable provisions of Federal law, the regulations in 30 CFR § Part 285, other applicable regulations, any order of the Director, the terms and conditions of the renewable energy lease or grant, and the requirements of an approved SAP, COP or GAP or other approval. If the MMS finds that the lessee, operator, or grant holder has not complied with any of the above items, the MMS may issue a notice of noncompliance specifying the violation and any corrective action(s) that must be immediately taken or be completed within a specified time limit. If the lessee, operator, or grant holder does not take the corrective action(s) specified in the notice of noncompliance either immediately or within the specified time limit, the MMS may issue a cessation order per 30 CFR §§ 285.401-402, and/or cancel the lease or grant per 30 CFR § 285.437. Civil and/or criminal penalties may be assessed by the MMS per the applicable regulations specified in 30 CFR § 285.400.

C. How do I Designate an Operator?

An operator who is not the lessee or grant holder must be designated in the SAP, COP or GAP. Once the designated operator is approved by the MMS, the operator may act on the behalf of the lessee or grant holder to perform activities necessary to fulfill obligations under the OCS Lands Act, the lease or grant, and the regulations in 30 CFR § Part 285. MMS must be notified of any change of address immediately of either the lessee or operator. You must also notify MMS on an MMS approved form within 72 hours of any change of operator. The MMS identifies those who are responsible for fulfilling lease and grant obligations in 30 CFR § 285.406.

D. How do I assign my Lease or Grant?

All or part of a lease or grant may be assigned upon MMS approval. An assignment application must be submitted to MMS that includes the information listed in

30 CFR § 285.408 and follows the requirements described in 30 CFR § 285.409. The assignor is liable for all obligations that accrued on its lease or grant before MMS approves an assignment, per 30 CFR § 285.410. The assignee is liable for all obligations once MMS has approved the assignment, per 30 CFR § 285.411.

E. How do I Renew my Lease or Grant?

A lease or grant may be renewed before its termination if approved by MMS. A renewal request must be submitted to MMS per the requirements in 30 CFR § 285.425. The MMS uses the criteria established in 30 CFR § 285.429 in deciding whether to renew a lease or grant.

F. How do I Terminate my Lease or Grant?

A lease or grant terminates when the lease term expires, per section A (ii) of this Chapter. After a lease or grant terminates, all payments due must be made, outstanding obligations must be met within 6 months, and decommissioning must occur within 2 years, as specified in Chapter 11 of this guide and Subpart I—Decommissioning in the regulatory framework.

G. How do I Relinquish my Lease or Grant?

A lease or grant or parts of a lease or grant may be relinquished to MMS. An application to relinquish all or part of a lease or grant must be submitted to MMS with the information outlined in 30 CFR § 285.435. Any and all payment obligations and decommissioning obligations as required in the regulatory framework must be met.

H. When can MMS Contract my Lease or Grant?

The MMS may review a lease or grant at an interval no more frequent than every 5 years to assess the need for the entire lease or grant area. In the event the MMS determines that the entire lease or grant is not needed, the MMS notifies the lessee of any proposal to contract the lease or grant area and gives the lessee an opportunity to respond and present information demonstrating the need for the area in question. Prior to taking action to contract a lease, MMS will issue a decision that addresses the lessee's response. The lessee has the right to appeal that decision per 30 CFR § 285.436.

I. When can MMS Cancel my Lease or Grant?

The circumstances under which the Secretary may cancel a lease or grant are described in 30 CFR § 285.437. Such circumstances include: 1) a lease or grant that was obtained by fraud or misrepresentation; 2) failure of the lessee to comply with any applicable provision of the OCS Lands Act or the REAU regulations, or order of the Director, or term, condition or stipulation contained in the lease or grant; and the failure to comply continued 30 days; 3) lessee terminated commercial operations for an indefinite period that exceeds six months as provided in 30 CFR §§ 285.635 or 656; 4) circumstances include national security or defense needs; and 5) unavoidable continued activity would cause serious harm or damage to natural resources, or to life or property or to the marine, coastal, or human environment, or to sites, structures, or objects of historical or archaeological significance.

Chapter 6 - Payments

A. How do I make payments for my Lease or Grant?

Payments to MMS include acquisition fees, bonus bids, rent, operating fees, late payment charges, assessments, penalties or other payments made to the MMS.

Instructions in 30 CFR § 285.500 require that you pay acquisition fees and the initial 6-months rent for all leases, project easements (30 CFR § 285.507), ROWs and RUEs (30 CFR § 285.508) by credit card or automated clearing house through the Pay.gov web site, though the preferred method of payment would be automated clearing house payments. The Pay.gov web site for payments by renewable energy lease and grant payors can be accessed through links on the MMS Offshore Web site at: <http://www.mms.gov/offshore>.

Instructions for payment of the bonus bid deposit and the balance due on the bonus bid are included in the Final Sale Notice for renewable energy leases, ROWs and RUEs. Rent payments subsequent to the initial rent paid for all leases and grants, rent for project easements, operating fees during the operations term, late payment charges, assessments, penalties or other payments made to the MMS must be paid in accordance with the procedure described in 30 CFR § 218.51, which directs the following:

- All payments to MMS must be made electronically to the extent that it is cost effective and practical;
- When instructed by MMS to use EFT, you must do so for all payments;
- Contact MMS before using EFT payments for further instructions;
- When MMS does not instruct you to use EFT, other payment methods are acceptable and described further below;
- The payor code must be included on all payments;
- All payments must be made in U.S. dollars.

Other instructions are included in 30 CFR § 218.51 such as how to complete non-EFT payments; where to send non-EFT payments; how to prepare and what to include on your payment document; instructions for paying rent on a lease; when payments are due; and what happens if payments are late or overdue.

Who is responsible for submitting lease or grant payments to MMS?

One person must be designated as payor for each lease, project easement, ROW grant or RUE grant. Designation of the payor must be documented in writing to MMS in accordance with 30 CFR § 218.52. All lessees and payors must maintain auditable records in accordance with the REAU regulations and any additional guidance issued by the MMS.

How does a payor make payments to MMS by electronic funds transfer (EFT) to meet payment requirements of renewable energy leases and grants?

As noted above, MMS will provide you with EFT payment instructions. You can access the names, phone numbers and email addresses of MMS electronic payment contacts, and information on making electronic payments, through the Automated Clearing House or the

U.S. Treasury FEDWIRE Deposit System at:
<http://www.mrm.mms.gov/ReportingServices/PayInfo.htm>.

EFT payments must be deposited in the MMS account by the payment due date. You are responsible for your actions or your bank's actions that cause a late or incorrect payment. You will not be held responsible for mechanical or system failures of EFT payments.

How does a payor make payments to MMS by non-EFT methods to meet payment requirements of renewable energy leases and grants?

The following payment methods, as indicated in 30 CFR § 218.51, are acceptable for non-EFT payments. MMS prefers that you use these payment methods in the order presented: 1) commercial check drawn on a solvent bank, 2) certified check, 3) cashier's check, 4) money order, 5) bank draft drawn on a solvent bank, or 6) Federal Reserve check. Make any payment required by a renewable energy lease or grant payable to: "Department of the Interior – Minerals Management Service" or "DOI – MMS". You must include your payor code and government assigned lease or grant number on all payments.

A non-EFT payment sent through the U.S. Postal Service should be addressed to: Minerals Management Service, Minerals Revenue Management, P.O. Box 5810, Denver, CO 80217-5810.

A non-EFT payment sent by courier or overnight delivery service should be addressed to: Minerals Management Service, Minerals Revenue Management, Building 85, Denver Federal Center, Room A-614, Denver, CO 80225-0165.

A non-EFT payment sent via the U.S. Postal Service, courier, or overnight mail is due at the MMS addresses given in the preceding paragraphs before 4 p.m. Mountain Time on the due date, otherwise it will be considered late.

Can a single remittance be submitted to pay for multiple lease and grant obligations?

Payors may make payments for multiple lease and grant obligations with a single remittance, but must ensure that the payment complies with other provisions specified by MMS for the leases and grants, and the remittance advice adequately identifies the single payment. The format to be used for such identification will be provided by the MMS Accounting Center.

What happens if a payment sent to MMS is late?

An interest charge will be assessed on late payments in accordance with 30 CFR § 218.54. Late payment charges will be assessed on any late payment or underpayment from the date that the payment was due until the date that the payment was received by MMS. Payments received after 4 p.m. Mountain Time are considered received the following business day. The failure to pay past due amounts, including late payment charges, may result in the initiation of other enforcement proceedings. If you do not pay an amount you owe, MMS may assess civil penalties under 30 CFR § 285.400.

Will MMS suspend payment obligations during an administrative appeal of an MMS decision with the Interior Board of Land Appeals related to a renewable energy lease or grant?

All payments are due to MMS as specified and are not deferred or suspended by reason of an appeal being filed with the Interior Board of Land Appeals, unless such a deferral or suspension is approved in writing by an authorized MMS official. If you file an appeal, and the requirement to submit payment is suspended, the original payment due date for calculating late payment interest is not changed.

B. What are the Initial Payments/Deposits for my Lease or Grant?

1. Competitively Issued Lease or Grant

For a competitive lease or grant that is offered through sealed bidding, a deposit of 20 percent of the total cash bid amount must be submitted unless some other amount is specified in the Final Sale Notice (30 CFR § 285.501). For a competitive lease or grant that is offered through ascending bidding, a cash deposit must be submitted as established in the Final Sale Notice (30 CFR § 285.501).

Accepted high bidders must pay any balances, such as the bonus bid, financial assurance, and the first 6 months rent, in accordance with the Final Sale Notice, the lease or grant, and applicable regulations (30 CFR § 285.224). The deposit will be forfeited for any successful bidder who fails to execute the lease within the prescribed time, or otherwise does not comply with the regulations concerning acquisition of a lease or grant or stipulations in the Final Sale Notice (30 CFR § 285.224).

2. Noncompetitively Issued Lease or Grant

An acquisition fee of \$0.25 per acre must be submitted when requesting a noncompetitive lease, unless the acquisition fee is otherwise set by the Director (30 CFR § 285.502). No initial payment is required when requesting noncompetitive ROW grants and RUE grants.

If MMS later determines there is no competitive interest, the acquisition fee will be retained if MMS issues the lease, or refunded without interest if MMS does not issue the lease (30 CFR § 285.502).

If MMS determines that there is a competitive interest in the requested area, the competitive lease sale process will commence. The acquisition fee will either be applied to the required deposit for the bid amount if a bid is submitted; to the bonus bid if the lease is acquired; or, retained if you do not bid for the lease (30 CFR § 285.502). A flowchart showing the process is included as Figure 1.

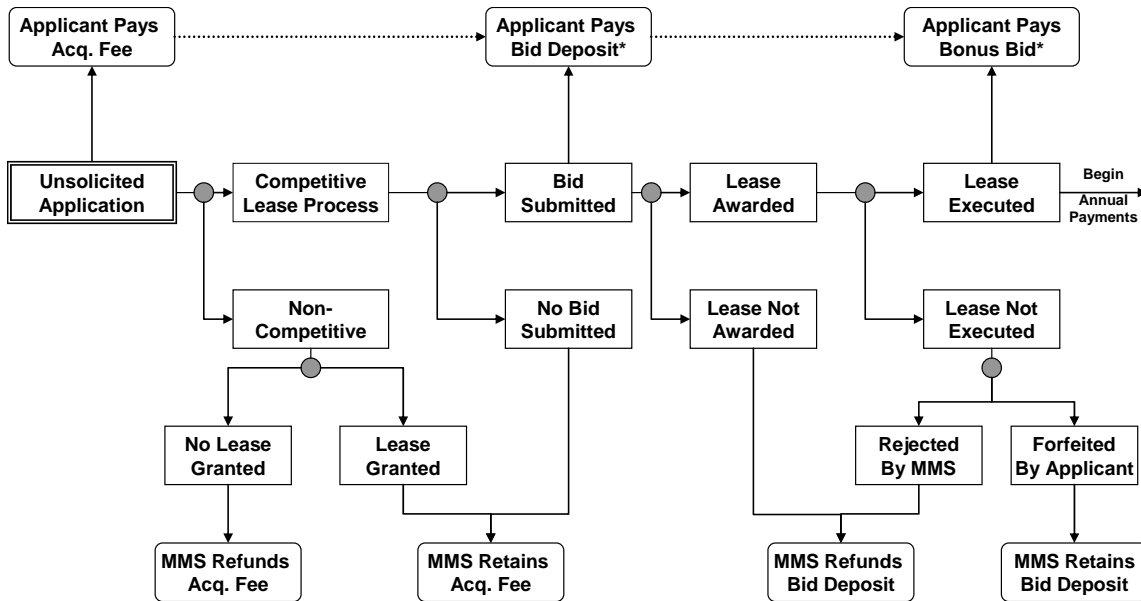


Figure 1

*Acquisition fees are applied to bid deposit balances, and bid deposits are applied against the bonus bid amount, accordingly. Potential lessees must pay the balance due for the bonus bid amount within the timeframe specified by MMS, after the lease award date.

C. What is the Rent and Operating Fee for a Commercial Lease?

1. Rent

The rent for a commercial lease is \$3 per acre per year, unless otherwise established in the Final Sale Notice or lease (30 CFR § 285.503). The first 6-months rent must be paid within 45 days after the lease is issued and then at the beginning of each subsequent 1-year period for the entire lease area until the facility begins to generate commercially. For the lease year that commercial operations begin, rent that has been paid for the year will be prorated after MMS receives a notice of the change in lease. For leases issued competitively, the MMS will specify in the Final Sale Notice and lease any adjustment to the rent to take effect during the operations term and prior to the commercial generation (30 CFR § 285.503(a)(2)(i)). For leases issued noncompetitively, the MMS will specify in the lease any adjustment to the rent to take effect during the operations term and prior to the commercial generation. The rent for a project easement must be paid in addition to the lease rent upon approval of the COP or GAP (30 CFR § 285.507).

2. Operating Fees

Operating fees must be paid when the commercial generation of electricity commences and annually thereafter. The MMS specifies the operating fee parameters in the Final Sale Notice for commercial leases issued competitively and in the lease for those issued noncompetitively (30 CFR § 285.506). The MMS will establish the operating fee in the Final Sale Notice or in the lease on a case-by-case basis for activities that do not relate to the generation of electricity (e.g., hydrogen production).

The MMS determines the annual operating fee for activities relating to the generation of electricity with the following formula,

$F = M * H * c * P * r$, where:

- (1) F is the dollar amount of the annual operating fee;
- (2) M is the nameplate capacity expressed in megawatts;
- (3) H is the number of hours in a year, equal to 8,760, used to calculate an annual payment;
- (4) c is the “capacity factor” representing the anticipated efficiency of the facility’s operation expressed as a decimal between zero and one;
- (5) P is a measure of the annual average wholesale electric power price expressed in dollars per megawatt hour, as discussed below; and
- (6) r is the operating fee rate expressed as a decimal between zero and one (30 CFR § 285.506).

Unless MMS specifies otherwise, the operating fee rate (r) is 0.02. The MMS may apply a different fee rate for new projects or may agree to reduce or waive the fee rate (30 CFR § 285.506).

The power price (P), for each year when the operating fee applies, is determined annually as specified in the Final Sale Notice and/or in the lease. The MMS uses the most recent annual average wholesale power price in the State in which a project's transmission cables make landfall, as published by the DOE, Energy Information Administration (EIA), or other publicly available wholesale power price indices; and may adjust the published average wholesale power price to reflect documented variations by State or within a region and recent market conditions.

The MMS selects the capacity factor (c) based upon applicable analogs drawn from present and future domestic and foreign projects that operate in comparable conditions and on comparable scales. Upon the completion of the first year of commercial operations on the lease, MMS may adjust the capacity factor as necessary. After the first adjustment, MMS may adjust the capacity factor no earlier than in 5-year intervals from the most recent year that MMS adjusts the capacity factor (30 CFR § 285.506). The process by which MMS adjusts the capacity factor, including any calculations, is specified in the lease. The operator or lessee may request review and adjustment of the capacity factor under (30 CFR § 285.510).

Ten days after the anniversary date of when commercial generation of electricity began, documentation of the gross annual generation of electricity produced by the generating facility on the lease must be submitted to MMS using the same information collection form as authorized by the Energy Information Administration (EIA), (30 CFR § 285.506).

For the nameplate capacity (M), MMS will use the total installed capacity of the equipment installed, as specified in the approved COP (30 CFR § 285.506).

D. What is the rent for a Limited Lease?

The rent for a limited lease is \$3 per acre per year, unless otherwise established in the Final Sale Notice and lease instrument (30 CFR § 285.505). The first 6-months rent must be paid

when MMS issues your limited lease. Rent must be paid at the beginning of each subsequent 1-year period on the entire lease area for the duration of the operations term.

E. What is the rent for a ROW Grant or a RUE Grant?

For each MMS approved ROW grant, an annual rent of \$70 must be paid for each nautical mile or part of a nautical mile of the OCS that the ROW crosses. In addition, you must pay \$5 per acre, subject to a minimum of \$450 for the use of the entire affected area, if the ROW includes a site outside the corridor of a 200-foot width (61 meters) centered on the cable or pipeline (30 CFR § 285.508). The affected area includes the areal extent of anchor chains, risers, and other devices associated with a site outside the corridor. For MMS approved RUE grants, an annual rent of \$5 per acre per year or a minimum of \$450 per year must be paid. The required ROW and/or RUE grant rent payments must be paid on either an annual basis; for a 5-year period; or for multiples of 5 years. The first annual rent payment must be made upon approval of the ROW or RUE grant request (30 CFR § 285.508).

F. What is the rent for a Project Easement?

A rent of \$5 per acre, subject to a minimum of \$450 per year, must be paid for a project easement unless specified otherwise in the Final Sale Notice or lease. The size of the project easement area for a cable or a pipeline is the full length of the corridor and a width of 200 feet (61 meters), centered on the cable or pipeline. The size of a project easement area for an accessory platform is limited to the aerial extent of anchor chains and other facilities and devices associated with the accessory (30 CFR § 285.507).

Rent payments for the project easement commence upon approval of the COP or GAP. The first rent payment must be made when the operations term begins and annual rent must be made until the lease is terminated.

G. How are payments affected if I develop my lease in phases?

If a commercial lease is developed in phases, as approved by MMS in the COP, rent must be paid on the portion of the lease that is not authorized for commercial operations; operating fees must be paid on the portion of the lease that is authorized for commercial operations; and rent for a project easement must be paid in addition to lease rent. Rent payments for the project easement commence upon approval of the COP (30 CFR § 285.504).

H. What effect does a suspension have on my payments?

You must continue to send payments to MMS while we evaluate your suspension request. Under some circumstances, MMS may not complete its evaluation of your request during the original term of your lease or grant. In such a case, the term of your lease or grant will be extended until the evaluation is complete, but you will not be required to make payments during the period of the extension. If MMS approves your request for a suspension, you will be required to meet your payment obligation unless, for reasons stated in your request, MMS waives your payment obligations (30 CFR § 285.420). If MMS orders a suspension as provided in 30 CFR § 285.417, your payment obligations during the suspension period will be waived.

Appendix A - MMS / FERC Guidance on Regulation of Hydrokinetic Energy Projects on the OCS

1. INTRODUCTION

2. GENERAL REQUIREMENTS AND DEFINITIONS

1. Who should use this guidance?
2. What is the OCS?
3. What is a hydrokinetic project?
4. Who can operate a hydrokinetic project on the OCS?
5. May I apply for an MMS lease or a FERC license if my proposed project is located in a National Marine Sanctuary, a National Park, National Monument, or Wildlife Refuge?
6. Do I need a lease and a license for a hydrokinetic project offshore from a U.S. territory or possession?
7. Can I operate a hydrokinetic project on the OCS without a FERC license?
8. Can I test a hydrokinetic project on the OCS with a commercial lease?
9. Can I test a hydrokinetic project under a limited lease?
10. Can I convert a limited lease to a commercial lease?
11. If I have a license for a pilot project, can I transition to a standard license?

3. PROCEDURES FOR OBTAINING A LEASE AND LICENSE

1. What are the relevant regulations and where do I find them?
2. If I am a nonfederal applicant pursuing a hydrokinetic project on the OCS, do I need to pursue both an MMS lease and a FERC license?
3. How do I obtain a lease and a license for a hydrokinetic project on the OCS?
4. If I am seeking an MMS lease under the competitive lease sale process, when may I begin the FERC licensing process?
5. If I am seeking an MMS lease noncompetitively, when may I begin the FERC licensing process?
6. When do I need to submit a Site Assessment Plan (SAP) to MMS and how does it relate to FERC's Pre-Application Document (PAD)?
7. Do I need to prepare a Construction and Operations Plan (COP) for a hydrokinetic project?
8. Without a COP, how will I obtain an MMS easement for the project's transmission line?
9. How can I minimize the required number of environmental reviews or enhance the agencies' ability to cooperate on NEPA documentation?
10. How long does it take to obtain an MMS lease? A FERC license?

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1. I am a municipality under the Federal Power Act. How will that be factored into the lease/license decision?
2. How will FERC address competition following or during the leasing procedures?

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2. What are the site assessment and operations terms under a non-competitive hydrokinetic lease?
3. How is the lease term determined or adjusted?
4. How is a FERC license term determined?
5. Can a leaseholder assign the lease? Can a licensee transfer the license?

6. FINANCIAL ASSURANCE REQUIREMENTS

1. How will financial assurances be managed on the OCS?
2. What financial assurances do I need to provide MMS?

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1. What types of fees or annual charges will I have to pay?
2. How are MMS' payments determined?
3. How are FERC annual charges determined?

8. HYBRID PROJECT CONSIDERATIONS

1. What is a hybrid project?
2. How do I pursue a hybrid project (e.g., wind-hydrokinetic)?
3. Can I modify my project to create a hybrid by incorporating another renewable energy technology?
4. Will MMS allow more than one type of activity on a lease?

9. STRADDLE PROJECTS CONSIDERATIONS

1. What are straddle projects?
2. Do I need a federal lease for a straddle project?
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10. CONTACT INFORMATION

1. Who should I contact if I have questions?

Chapter 1 – Introduction

The staffs of the U.S. Department of the Interior’s Minerals Management Service (MMS) and the Federal Energy Regulatory Commission (FERC) are issuing this guidance as part of an ongoing effort to clarify jurisdictional responsibilities for hydrokinetic projects in offshore waters on the Outer Continental Shelf (OCS). The goal is to develop a cohesive, streamlined process that will help accelerate the development of hydrokinetic (i.e., wave, tidal, and ocean current) energy projects, consistent with the Memorandum of Understanding (MOU) between the U.S. Department of the Interior and FERC (executed April 9, 2009, see Attachment A).

As recognized by the MOU, MMS has jurisdiction to issue leases on the OCS for hydrokinetic projects, and FERC has jurisdiction to issue licenses for these same projects. This guidance document is designed to provide information to applicants and stakeholders about the respective responsibilities of each agency and how to best navigate the process of obtaining a hydrokinetic lease and license on the OCS. It uses a format of frequently asked questions (FAQs) to address regulatory issues. The FAQs are divided into the following topic areas: general requirements and definitions; provisions for obtaining a lease and license; municipalities and competition; lease and license terms; financial assurance requirements; fee structures; hybrid project considerations; straddle projects; and contact information.

This document is intended to explain and provide more detail about the roles of the MMS and the FERC in authorizing the use of the OCS for hydrokinetic activities. Information relating to design, construction, and operations requirements, as well as inspection and compliance procedures, is not included. Such information will be developed as hydrokinetic projects are authorized and subsequently may be incorporated as appropriate. This document is not a substitute for the statutes and regulations governing MMS renewable energy leases and FERC licenses. It is not intended to be a rule or regulation. MMS and FERC may later promulgate regulations if they find it necessary. Further, this guidance is not designed or intended to anticipate every possible scenario that could arise in developing hydrokinetic projects on the OCS. For specific guidance, prospective lessees, licensees, and other participants should rely on relevant statutes and regulations, and information and instructions provided by agency contacts, supplemented as necessary with your own source for legal advice.

This document may be revised periodically, as warranted by statute and regulation or policy changes as lessons are learned during hydrokinetic development on the OCS. The dates of any revisions will be annotated in this document. The most current version is available on www.mms.gov and www.ferc.gov.

Chapter 2 – General Requirements and Definitions

1. Who should use this guidance?

Use this guidance if you are interested in developing a hydrokinetic project on the OCS. Contact the agencies to discuss individual project proposals.

2. What is the OCS?

The OCS includes all submerged lands, subsoil, and seabed lying between the seaward extent of the States' jurisdiction (approximately 3 nautical miles from shore, or 3 marine leagues for Texas and the Gulf coast of Florida) and the seaward extent of federal jurisdiction (approximately 200 nautical miles or more from shore). If you wish to determine the exact boundary or coordinates of the OCS near your project area, contact the MMS office with authority for the area of interest and/or see <http://www.mms.gov/ld/maps.htm>.

3. What is a hydrokinetic project?

Hydrokinetic projects generate electricity from the motion of waves or the unimpounded flow of tides, ocean currents, or inland waterways. Hydrokinetic projects on the OCS would likely use wave- or ocean-current-based technologies.

4. Who can operate a hydrokinetic project on the OCS?

In order to operate a hydrokinetic project on the OCS, you must be one of the following nonfederal entities as identified by the Federal Power Act: (1) a citizen of the U.S.; (2) an association of citizens of the U.S.; (3) a corporation organized under the laws of the U.S. or any State; (4) a State; or (5) a municipality. Certain federal agencies have their own federal authority to operate a hydrokinetic project on the OCS, but will still need to obtain a lease from MMS before doing so.

5. May I apply for an MMS lease or a FERC license if my proposed project is located in a National Marine Sanctuary, a National Park, National Monument, or Wildlife Refuge?

Neither MMS through its leasing authority nor FERC through its licensing authority can approve a project in a National Park or Monument located on the OCS. For MMS, the same restriction applies to National Marine Sanctuaries and Wildlife Refuges located on the OCS. Depending on the individual authorization, FERC may be authorized to issue hydrokinetic licenses in such sanctuaries and refuges. Contact FERC with specific questions.

6. Do I need a lease and a license for a hydrokinetic project offshore from a U.S. territory or possession?

The MMS does not have the authority to issue leases for hydrokinetic and other renewable energy resources in federal waters located offshore a U.S. commonwealth or territory. The OCS Lands Act restricts the MMS' leasing authority to OCS lands located offshore the coastal states. You will need a license to construct or operate a hydrokinetic project offshore from a U.S. territory or possession.

7. Can I operate a hydrokinetic project on the OCS without a FERC license?

Unless you are a federal agency, you must have a FERC license to operate a hydrokinetic project on the OCS. A federal agency must still obtain a lease from MMS and follow MMS' regulations regarding construction and operation, as if the project were a non-hydrokinetic project.

8. Can I test a hydrokinetic project on the OCS with a commercial lease?

Yes, you may test a hydrokinetic project on the OCS with a commercial lease. Because you generally must have a license from FERC to construct and operate a hydrokinetic project on the OCS for the purpose of developing electric power, you may want to consider applying for a license for a pilot project, which is designed to allow you to test a hydrokinetic project, and to gather information on environmental and other effects of hydrokinetic devices. To be licensed as a pilot project, a proposed hydrokinetic project must be: (1) small; (2) short term; (3) not located in sensitive areas based on FERC's review of the record; (4) removable and able to be shut down on short notice; (5) removed, with the site restored, before the end of the pilot license term (unless a new license is granted); and (6) initiated by a draft application in a form sufficient to support environmental analysis. For more information on hydrokinetic pilot projects, consult FERC's white paper (http://www.ferc.gov/industries/hydropower/industry/hydrokinetics/pdf/white_paper.pdf).

However, in certain circumstances, you may conduct limited testing with a commercial lease without a license under your MMS Site Assessment Plan (SAP), if: (1) the technology in question is experimental; (2) the proposed facilities are to be utilized for a short period for the purpose of conducting studies necessary to prepare a license application; and (3) power generated from the test project would not be transmitted into or displaced from the interstate electric grid and would therefore not constitute "developing electric power" for purposes of the Federal Power Act (FPA) (See Verdant Power, 111 FERC ¶ 61,024, clarified at, 112 FERC ¶ 61,143 (2005)).

9. Can I test a hydrokinetic project under a limited lease?

Yes, in certain circumstances, you may conduct limited testing without a license under an MMS limited lease, if: (1) the technology in question is experimental; (2) the proposed facilities are to be utilized for a short period for the purpose of conducting studies necessary to prepare a license application; and (3) power generated from the test project would not be transmitted into or displaced from the interstate electric grid and would therefore not constitute "developing electric power" for purposes of the FPA (See Verdant Power, 111 FERC ¶ 61,024, clarified at, 112 FERC ¶ 61,143 (2005)). Although MMS' regulations provide for a short-term, limited lease to test devices and assess sites, if a FERC license is required, MMS would not proceed with a limited lease but would instead proceed with a commercial lease.

10. Can I convert a limited lease to a commercial lease?

No. You must obtain a commercial lease.

11. If I have a license for a pilot project, can I transition to a standard license?

Yes. If you have a license for a pilot project, FERC will consider your application for a license with standard terms as an application for relicensing.

Chapter 3 – Procedures for Obtaining a Lease and License

1. What are the relevant regulations and where do I find them?

The MMS regulations for hydrokinetic leases are found at 30 C.F.R. Part 285 and the FERC regulations for licenses are found at 18 C.F.R. Parts 4 and 5.

2. If I am a nonfederal applicant pursuing a hydrokinetic project on the OCS, do I need to pursue both an MMS lease and a FERC license?

Yes. FERC will not issue a license to you unless you hold a commercial lease from MMS.

3. How do I obtain a lease and a license for a hydrokinetic project on the OCS?

If MMS has not published a Request for Interest (RFI) for an area in which you have an interest in leasing, you may submit an unsolicited request for a lease following the requirements of 30 C.F.R. 285.230. You should include your particular area of interest, a description of your objectives and proposed facilities, a general schedule of activities, any environmental or resource data available, a statement that your proposed activity conforms with State and local energy planning requirements, initiatives, or guidance, and documentation that you are qualified to hold a lease as set forth in 30 C.F.R. 285.213. You must also submit one copy of your Pay.gov confirmation receipt page that you will receive when you make your required acquisition fee payment, as specified in 30 C.F.R. 285.500.

If MMS, in response to an unsolicited request or on its own, publishes an RFI in an area to determine whether competitive interest in an area exists or not, you should submit a response with the information required in 30 C.F.R. 285.213, including your particular area of interest, description of your objectives and proposed facilities, a general schedule of activities, any environmental or resource data available, documentation that you are qualified to hold a lease, and any other information specified in the RFI.

If MMS issues a determination that there is no competitive interest for the site, you will need to submit a SAP within 60 days. A SAP describes the activities you plan to perform for the characterization of your lease and includes the results of your physical characterization surveys and baseline environmental surveys.

If there is competitive interest in hydrokinetic development on the described area, MMS will publish a Call for Information and Nominations (Call). Your response to the notice must include the information listed in 30 C.F.R. 285.213. Following the environmental review and documentation, MMS will announce the terms of the lease sale through publication of notices, and you will submit your bid to MMS according to the specified requirements. Upon receipt of the required payments and properly executed lease forms, MMS will issue a lease to the successful bidder. If you receive the lease, you must file your SAP within six months of obtaining the lease.

You will begin FERC's licensing process when you file a Pre-Application Document (PAD), which includes all existing, relevant, and reasonably available information gained through consultation with federal, state, and local resource agencies, Indian tribes, non-

governmental organizations, and members of the public (stakeholders). In the PAD, you must identify information and study needs for the proposed project, and provide a process plan or a schedule of upcoming licensing activities. Many of the requirements for the PAD are similar to the requirements for the SAP.

After you have conducted your information gathering studies, you will file a final license application with FERC. Your application will contain general information about the project, and specific exhibits that include a thorough description of the proposed project and its operation, a draft environmental document, and necessary drawings and maps. For hydrokinetic projects, the FERC application takes the place of MMS' Construction and Operations Plan (COP).

4. If I am seeking an MMS lease under the competitive lease sale process, when may I begin the FERC licensing process?

Under the competitive lease sale scenario, FERC will begin processing an application only after MMS has issued a lease, making it clear that you are the applicant with site access. Therefore, you should file your PAD with FERC after your lease has been issued. You may wish to file a PAD with FERC at the same time you submit the SAP to MMS (within 6 months of lease issuance) to enable the agencies to conduct joint public scoping, if appropriate, and you may proceed with licensing studies while MMS conducts its environmental review of the SAP, if necessary. We encourage you to discuss combining supporting documents with MMS and FERC.

5. If I am seeking an MMS lease noncompetitively, when may I begin the FERC licensing process?

You may begin your FERC application process at any point following MMS' determination of no competitive interest. You may wish to simultaneously file your PAD with FERC and your SAP with MMS (within 60 days of MMS' determination), so that the agencies may conduct joint public scoping. You may proceed with licensing studies while MMS conducts its environmental review of the SAP, if necessary.

You should be aware that by proceeding with both the lease and licensing processes simultaneously, you risk incurring costs prior to knowing whether you will receive a lease and what conditions will be part of the lease. Nevertheless, by streamlining the two processes, your overall process may be completed more quickly and efficiently. We encourage you to discuss with MMS and FERC early in the process what approach might be best for your proposed project.

6. When do I need to submit a Site Assessment Plan (SAP) to MMS and how does it relate to FERC's Pre-Application Document (PAD)?

If MMS determines there is no competitive interest for the site on the OCS that you have requested, your SAP is due within 60 days from the date that MMS determines that there is no competitive interest. If you have been selected as lessee through the competitive lease process, your SAP is due within six months from the date the lease is issued. The SAP and PAD have many common elements. For example, the information required to describe the overall project and the existing environment is very similar in a SAP and

PAD. In meeting the requirements for the SAP and PAD, the common components may be combined.

7. Do I need to prepare a Construction and Operations Plan (COP) for a hydrokinetic project?

No. COPs are not required for hydrokinetic leases that require a FERC license. Your FERC license application replaces the MMS COP for a hydrokinetic project. A FERC license will require compliance with the terms of the lease, and a license cannot be issued before the issuance of the lease.

8. Without a COP, how will I obtain an MMS easement for the project's transmission line?

A hydrokinetic lease issued by MMS includes the right to one or more project easements for the purpose of installing transmission cables. After FERC issues the license for the project including the primary transmission line, FERC will inform MMS, and MMS will incorporate into your lease as an addendum an easement covering the portion of the project's primary transmission line located on the OCS.

9. How can I minimize the required number of environmental reviews or enhance the agencies' ability to cooperate on NEPA documentation?

The number of NEPA reviews and environmental consultations will vary from case to case. When the MMS and FERC processes are aligned, the agencies will combine their NEPA processes, if possible. For non-competitive leases, a joint NEPA document may be possible if an applicant is prepared to file a complete license application and an MMS lease application simultaneously, as might be the case with a pilot project.

Environmental consultations on the project also may be consolidated. For a competitive lease, elements of NEPA, such as scoping, may be combined for efficiency. When multiple NEPA documents are necessary, each document will build on relevant information in the prior documents, regardless of the lead agency. We encourage you to communicate with MMS and FERC early in the process if you have a project-specific proposal for combining NEPA documents and procedures.

10. How long does it take to obtain an MMS lease? A FERC license?

If there is competitive interest in an area, MMS anticipates it will take 2 to 2.5 years to complete the lease sale process; this includes consultations and environmental review(s). If there is no competitive interest, MMS anticipates it will take 1 to 2 years to issue a lease, depending on the complexity of the activities proposed.

FERC anticipates being able to issue a license 1-2 years after a complete hydrokinetic license application is filed. The amount of time it takes you to conduct studies under the FERC pre-filing process and how thoroughly you satisfy the application requirements will be the primary factors in determining the total length of time required to obtain a FERC license. Pilot project licenses generally are expected to be issued as early as six months after submission of a complete application.

Chapter 4 – Municipalities and Competition

1. I am a municipality under the Federal Power Act. How will that be factored into the lease/license decision?

If you are seeking municipal preference for a FERC license, you should notify MMS of your status in your unsolicited request or in response to the RFI or Call. If municipal interest is indicated, MMS may incorporate considerations such as “public benefit” or “State and local needs” into the auction format. Potential state and municipal licensees should be aware that FERC will only accept a license application from a leaseholder.

2. How will FERC address competition following or during the leasing procedures?

Competition for an OCS site will occur during the lease sale process. FERC will only accept a license application from the leaseholder.

Chapter 5 – Lease and License Terms

1. What are the preliminary, site assessment, and operations terms under a hydrokinetic competitive lease?

If issued competitively, your commercial lease will have a preliminary term of six months beginning on the date of your lease to prepare and submit your SAP, a site assessment term of five years beginning on the date that your SAP is approved by MMS, and an operations term as provided in your FERC license.

2. What are the site assessment and operations terms under a non-competitive hydrokinetic lease?

If issued noncompetitively, your commercial lease will have a site assessment term of five years beginning on the date of your lease and an operations term as provided in your FERC license.

3. How is the lease term determined or adjusted?

Though MMS provides a baseline determination that commercial leases will have an operations term of 25 years, longer lease terms may be negotiated (see 30 C.F.R. 285.235(a)(3)) to correspond with the operations term in your FERC license or to accommodate the term for a relicense of a pilot project. Lease duration may be lengthened by an automatic extension for plan review (see 30 C.F.R. 285.235) or by a suspension (see 30 C.F.R. 285.415-421), and leases may be renewed (see 30 C.F.R. 285.425-429). Leases may be relinquished (see 30 C.F.R. 285.435) or cancelled (see 30 C.F.R. 285.437). .

4. How is a FERC license term determined?

FERC license terms are set based on a number of factors, including size of the development and mitigation measures required under a license. Under the FPA, FERC can issue an original license for a term of up to 50 years, and a relicense for a term of between 30 and 50 years. Appropriate pilot projects may have short license terms of

approximately five years in keeping with the early stage of the technology, expected small size of the projects, required safeguards, and the experimental nature of the efforts.

5. Can a leaseholder assign the lease? Can a licensee transfer the license?

Yes. Both MMS and FERC regulations require pre-approval for a lease assignment and a license transfer, respectively. A leaseholder must apply for an assignment from MMS (see 30 C.F.R. 285.408) and a licensee must apply for a transfer from FERC (see 18 C.F.R. Part 9). Lessees and licensees are encouraged to consult with MMS and FERC staff before applying for a lease assignment or transfer.

Chapter 6 – Financial Assurance Requirements

1. How will financial assurances be managed on the OCS?

On the OCS, the MMS requirements for financial assurance will apply for all activities under both limited and commercial leases, including pilot projects.

2. What financial assurances do I need to provide MMS?

MMS' financial assurance requirements can be found at 30 C.F.R. 285.511-537.

You will need to provide various amounts of financial assurance to MMS, depending on the types of activities you propose to conduct on your lease and the type and number of facilities you propose to construct and install on your lease.

Generally, you will be required to provide a series of bonds over the life of your commercial lease. Prior to issuance of your lease, you will need to provide an acceptable form of security in the amount of \$100,000. You may also be required to provide a supplemental bond prior to approval of your SAP, depending on the activities that you will conduct during your site assessment phase. You may also be required to provide a supplemental bond in an amount determined by MMS before FERC will issue a license for your project. Finally, once facilities are installed or being installed on your commercial lease, you will be required to provide a decommissioning bond.

Chapter 7 – Fee Structures

1. What types of fees or annual charges will I have to pay?

While both MMS and FERC are required to assess fees or annual charges, the agencies will coordinate to ensure that the overall fees for OCS hydrokinetic projects are fair and appropriate.

MMS is required to establish fees, rentals, bonuses, or other payments to ensure a fair return to the United States for any lease issued on the OCS for hydrokinetic projects (see 43 U.S.C. 1337(p)(2)). MMS has published regulations addressing fees at 30 C.F.R. Part 285, Subpart B – Issuance of OCS Energy Leases (200-238) and Subpart E – Payments and Financial Assurance Requirements (500-543). More information is available at <http://www.mms.gov/offshore/RenewableEnergy/index.htm>.

FERC licensees are required to pay reasonable annual charges for costs of administration of Part I of the FPA, and for use of tribal lands, government lands, and government structures (see 16 U.S.C. 803(e)). FERC has published regulations at 18 C.F.R. Part 11.

2. How are MMS' payments determined?

You will be required to make initial, one-time payments to obtain a lease followed by on-going, annual payments when the term of the lease commences. The initial payments vary depending on whether you are submitting a request for a noncompetitive lease or responding to a competitive auction process. If you are seeking a noncompetitive lease, you must submit an acquisition fee, typically \$0.25 per acre unless otherwise set by MMS, at the same time you submit the request for the noncompetitive lease. This acquisition fee will be applied to any bonus bid deposit you subsequently submit should MMS decide that the lease must be offered competitively.

If you are interested in bidding on a competitive lease, MMS requires that you include a bid deposit at the same time you submit your bid package. If you win an auction, the balance of the bonus bid amount you offered is payable to MMS prior to issuing you a competitive lease.

The on-going payments consist of annual rent and operating fees set by MMS based on the terms associated with your non-competitive submittal or as an outcome of a competitive auction process. You will pay the annual rental rate from the date of lease issuance until project operations commence, at which time you will begin paying the annual operating fee. Annual rental payments for your transmission line easement become due once the FERC license is issued.

When setting the rent and operating fee terms, MMS considers FERC's administrative charges and information (1) submitted with an unsolicited request for a noncompetitive lease, or (2) received in response to RFI and Call, and other notices published for competitive leasing. See 30 C.F.R. 285.210-232 for specific steps and information requirements in the competitive lease process.

Leaseholders may request that MMS reduce or waive rent or operating fee payments (not to exceed six years of full operation) to encourage continued or additional activity (30 C.F.R. 285.510).

3. How are FERC annual charges determined?

The lessee/licensee begins paying annual administrative and land charges to FERC either when project construction begins (for non-municipal entities) or when the project begins operating (for municipal entities). For all projects over 1.5 megawatts, including those on the OCS, FERC assesses administrative annual charges by dividing its calculated fiscal year program costs among all the licensees according to licensees' installed capacity. FERC collects FPA Part I costs of other federal agencies based on an allocated share of the other agencies' documented fiscal year program costs. For projects occupying federal land, FERC assesses onshore government lands charge on per-acre charges established by the Forest Service on a county-by-county basis and set forth at Appendix A of 18 C.F.R. 11. FERC does not have a method for assessing charges for off-shore land. For projects using a government structure, charges are set at a graduated rate set forth at 18 C.F.R. 11.3. For projects that occupy tribal land, charges are set on a case-by-case basis.

Chapter 8 – Hybrid Project Considerations

1. What is a hybrid project?

A hybrid project, for the purpose of this guidance, is a project that includes technologies that generate electricity from more than one form of renewable energy, one of which is hydrokinetic (e.g., wind- and wave-generation under the same lease).

2. How do I pursue a hybrid project (e.g., wind-hydrokinetic)?

As in a single hydrokinetic lease situation, you would need to acquire a lease from MMS that covers both technologies. MMS will issue a public notice to determine whether competitive interest exists in the potential lease area, and may proceed with either the competitive or noncompetitive lease issuance process.

You must submit a COP to MMS for the construction and operation of the non-hydrokinetic component of your project. A FERC license (but not a COP) is required for the hydrokinetic component of your project.

3. Can I modify my project to create a hybrid by incorporating another renewable energy technology?

If during your lease term, you or another applicant wishes to pursue activities that are not covered by the existing lease, you or the other applicant would be required to request a separate lease, and MMS would evaluate whether or not it conflicts with existing uses prior to making a decision about whether to offer the area for additional lease(s). If joint use of an area is acceptable to both MMS and FERC, MMS will initiate the leasing process to authorize both activities (hybrid). A FERC license is required for any nonfederal hydrokinetic project on the OCS.

4. Will MMS allow more than one type of activity on a lease?

A lease for renewable energy activities may be held for one type of activity (e.g., wind) or for various activities (e.g., wind, wave, ocean current, etc.). MMS will determine the scope of renewable energy activities that may be allowed on a lease and issue a public notice to determine competitive interest. This notice will clearly state the scope of the lease under consideration.

If MMS determines that there is no competitive interest, MMS will follow the non-competitive lease process. If MMS determines that there is competitive interest, MMS will clearly state the scope of the lease offering early in the process and in the subsequent Proposed and Final Sale Notices. If MMS decides to limit competition to one type of activity (e.g., ocean current), MMS will not consider bids for any other type of activity, and the lease will be limited to that activity. If MMS decides to open competition to more than one type of activity or to the full set of hybrid activities, it will consider bids for the individual activities or set of activities identified, and the lease may authorize one or more of those activities. If you submit an unsolicited application, you must define your intended activities because the lease is specific to the type of project.

If you are a nonfederal applicant, you must submit to FERC a license application for the hydrokinetic component of your hybrid project and a COP to MMS for the construction and operation of the non-hydrokinetic component of your project. MMS and FERC will coordinate the interrelated reviews.

Chapter 9 – Straddle Project Considerations

1. What are straddle projects?

These are hydrokinetic projects that straddle the boundary dividing state waters and the OCS.

2. Do I need a federal lease for a straddle project?

Yes. You must obtain a lease from MMS for the OCS portion of your straddle project. A FERC license is required for both the OCS and State waters portion of a straddle project. Early process planning will be essential for the successful execution of straddle projects. FERC would prefer to license the entire project as a whole, which is feasible if the applicant consults with FERC and MMS early in the planning process.

If I have a licensed project in state waters next to the OCS, do I have any priority to develop the neighboring site within the OCS?

No. The neighboring OCS waters are subject to the competition requirements of the Energy Policy Act of 2005.

Chapter 10 – Contact Information

Who should I contact if I have questions?

If you have additional questions or are planning to apply for a lease and license for a project on the OCS, please contact MMS per the Notice to Lessees, Operators and Applicants for Federal Renewable Energy Leases and Grants and Alternative Use Grants on the Outer Continental Shelf, NTLA No. REN-N01, effective June 22, 2009 at <http://www.mms.gov/offshore/RenewableEnergy/index.htm> and/or Edward Abrams or Stephen Bowler at FERC: Edward.Abrams@ferc.gov, (202)-502-8773; or Stephen.Bowler@ferc.gov, (202)-502-6861.

MEMORANDUM OF UNDERSTANDING
BETWEEN THE
THE U.S. DEPARTMENT OF THE INTERIOR
AND
FEDERAL ENERGY REGULATORY COMMISSION

I. PURPOSE

The U.S. Department of the Interior (DOI) and the Federal Energy Regulatory Commission (Commission) (jointly, Participating Agencies) enter into this Memorandum of Understanding (MOU) to clarify jurisdictional understandings regarding renewable energy projects in offshore waters on the Outer Continental Shelf (OCS), in order to develop a cohesive, streamlined process that would help accelerate the development of wind, solar, and hydrokinetic (i.e., wave, tidal, and ocean current) energy projects.

II. COMMITMENTS OF THE PARTICIPATING AGENCIES

The Participating Agencies agree as follows:

A. The Participating Agencies recognize that: (1) the DOI's Minerals Management Service (MMS) has exclusive jurisdiction with regard to the production, transportation, or transmission of energy from non-hydrokinetic renewable energy projects on the OCS, including renewable energy sources such as wind and solar; (2) MMS has exclusive jurisdiction to issue leases, easements, and rights-of-way regarding OCS lands for hydrokinetic projects; and (3) the Commission has exclusive jurisdiction to issue licenses and exemptions for hydrokinetic projects located on the OCS.

B. MMS will issue leases, easements, and rights-of-way for hydrokinetic projects to be located on the OCS pursuant to Section 8(p) of the Outer Continental Shelf Lands Act (OCSLA), 43 U.S.C. § 1337(p) (2006), and will conduct any necessary environmental reviews, including those under the National Environmental Policy Act (NEPA), related to those actions. The Commission may, at its discretion, choose to become a cooperating agency with respect to the MMS's preparation of an environmental document for any OCS hydrokinetic project.

C. The Commission will not issue preliminary permits for hydrokinetic projects located on the OCS.

D. The Commission will issue licenses under Part I of the Federal Power Act (FPA), 16 U.S.C. §§ 792-823a (2006), and exemptions from licensing under Sections 405 and 408 of the Public Utility Regulatory Policies Act of 1978, 16 U.S.C. §§ 2705 and 2708 (2006), for the construction and operation of hydrokinetic projects on the OCS, and will conduct any necessary analyses, including those under NEPA, related to those actions. The Commission's licensing process includes the active involvement of relevant federal land and resource agencies, including the DOI. MMS may, at its discretion, choose to become a cooperating agency with respect to the Commission's preparation of an environmental document for any OCS hydrokinetic project. If MMS becomes a

cooperating agency, it will not conduct “off-the-record” communications relevant to the merits of the Commission’s licensing or exemption proceeding, including such communications with staff of other non-cooperating DOI agencies regarding preparation of the preferred alternative or about preparation of any recommendations, terms or conditions, or prescriptions filed under Sections 4(e), 10, and 18 of the FPA (16 U.S.C. §§ 797(e), 803, and 811 (2006)). MMS’s participation as a cooperating agency in a Commission-led NEPA review for an OCS hydrokinetic project shall not preclude DOI from intervening, on the behalf of other DOI agencies including, but not limited to, the U.S. Fish and Wildlife Service, the National Park Service, and the Bureau of Indian Affairs, in the licensing or exemption proceeding for that project.

E. The Participating Agencies will coordinate to ensure that hydrokinetic projects meet the public interest, including the adequate protection, mitigation, and enhancement of fish, wildlife, and marine resources and other beneficial public uses. Further, the Participating Agencies will coordinate to ensure that any licenses or exemptions issued by the Commission, and all operations regulated by the Commission, with respect to a lease, easement, or right-of-way shall be consistent with the provisions of Section 8(p) of the OCSLA and other relevant provisions of that Act, the FPA, and other applicable law.

F. MMS may attach terms and conditions to leases, easements, and rights-of-way issued for hydrokinetic projects located on the OCS. The Commission will include in any license or exemption issued for such projects a requirement to comply with all terms and conditions of any OCS lease, easement, and right-of-way.

G. The Commission will not issue a license or exemption to an applicant for an OCS hydrokinetic project until the applicant has first obtained a lease, easement, or right-of-way from MMS for the site thereof.

H. MMS will provide in all leases, easements, and rights-of-way for OCS hydrokinetic projects that construction and operation of the hydrokinetic project cannot commence without a license or exemption from the Commission, except in circumstances where the Commission has notified MMS that a license or exemption is not required.

I. The Commission may inspect OCS hydrokinetic projects it authorizes to ensure compliance with the terms of its licenses or exemptions. MMS may inspect OCS hydrokinetic projects to ensure compliance with the provisions of any lease, easement, and right-of-way it issues. The Participating Agencies will coordinate inspections through the development of joint policies or regulations, as appropriate.

J. Each Participating Agency shall use its own appropriations to carry out its responsibilities under this MOU.

III. ISSUANCE OF POLICIES AND REGULATIONS

The Participating Agencies agree to work together to the extent practicable to develop policies and regulations with respect to OCS hydrokinetic projects to carry out the purposes of this MOU. This will include, among others, processes to address hybrid (wind/hydrokinetic) projects and projects that straddle the boundaries between state waters and the OCS.

IV. MISCELLANEOUS

This MOU is strictly for internal management purposes, does not expand or alter the scope of the Participating Agencies' respective authorities, and shall not be construed to create any legal obligation on the part of either agency or any private right or cause of action for or by any person or entity.

V. PRINCIPAL CONTACTS

Each party hereby designates the following as the initial principal contacts for the agency. These contacts may be changed at the Participating Agency's discretion upon written notice to the other Participating Agency.

DOI: MMS Deputy Director

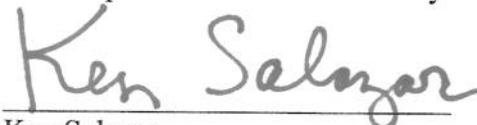
Commission: Director of the Office of Energy Projects

VI. TERM OF THE AGREEMENT

This MOU shall take effect on the date of the last approving signature specified in Section VII, below. The MOU may be modified only upon the written agreement of the Participating Agencies. The MOU may be terminated 120 days after a Participating Agency provides written notice to the other Participating Agency.

VII. SIGNATORIES

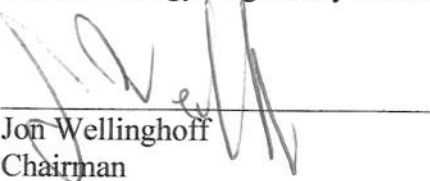
U.S. Department of the Interior by:



Ken Salazar
Secretary

Date: APR 09 2009

Federal Energy Regulatory Commission by:



Jon Wellinghoff
Chairman

Date: 04/09/09

Appendix B: Exhibits

STATEMENT OF CITIZENSHIP

I, the undersigned, Ernest H. Cockrell, do hereby certify that I am a citizen of the United States of America.

Ernest H. Cockrell
DATE: January 21, 1993

CERTIFICATE

The undersigned hereby certifies that he is Secretary of Star Winds, Inc., a Delaware Corporation, (the “Company”), that the following is a true and correct copy of a resolution duly adopted by the Board of Directors of the Company on _____, 200_, and that said resolution has not been amended or rescinded and at this date is in full force and effect:

RESOLVED, that the President or any Vice President of the Company is hereby individually empowered on behalf of the Company, in any matter related to the acquisition and operation of leases, right-of-way grants, or right-of-use and easement grants for activities that produce, or support production, transportation, or transmission of, energy from sources other than oil and gas, on the Outer Continental Shelf (OCS), and right-of-use and easement grants for the alternate use of OCS facilities for energy or marine-related purposes, to agree upon the terms of and to execute and deliver any instrument or agreement, including any application, bid, lease, plan, right-of-way grant, right-of-use and easement grant, bond or other financial assurance instrument, assignment, designation of operator, relinquishment, amendment, abandonment, power of attorney (including the revocation thereof), and any other paper.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Company, this ____ day of _____, 200_.

/s/ John J. Smith
Secretary

Affix CORPORATE SEAL

**CERTIFICATE OF SECRETARY
OF STAR WINDS, INC.**

I, John J. Smith, Secretary of Star Winds, Inc., a Delaware corporation, do hereby certify that Star Winds, Inc. is incorporated and authorized to conduct business under the laws of the State of Delaware and it is authorized under the operating rules of its business to hold and operate leases, right-of-way grants, or right-of-use and easement grants for activities that produce, or support production, transportation, or transmission of, energy from sources other than oil and gas, on the Outer Continental Shelf (OCS), and right-of-use and easement grants for the alternate use of OCS facilities for energy or marine-related purposes.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said corporation, this ____ day of _____, 200_.

/s/ John J. Smith
Secretary

Affix CORPORATE SEAL

INCUMBENCY CERTIFICATE

The undersigned, John J. Smith, Secretary of Star Winds, Inc., a Delaware Corporation, does hereby certify that the following named persons are presently serving said Corporation in the capacities set opposite their respective names:

<u>NAME</u>	<u>TITLE</u>
George J. O'Neil	President
Brian S. Hutchinson	Vice President
Jay C. Banks	Vice President
Jerry P. Smith	Secretary
Virginia Crosby	Assistant Secretary

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Corporation this ____ day of _____, 200_.

/s/ John J. Smith
Secretary

Affix CORPORATE SEAL

**CERTIFICATE OF JOHN J. SMITH,
MEMBER OF STAR WINDS LLC**

I, John J. Smith, Member of Star Winds LLC, a Delaware Limited Liability Company, do hereby certify:

THAT as a Member of Star Winds LLC, I have the authority to execute this certification, THAT Attachment “A” is the Articles of Organization¹ from the Secretary of State of the State of Delaware and is hereby certified as a correct and current copy;

THAT Attachment “B” is the Operating Agreement² and is hereby certified as a correct and current copy of the agreement governing the affairs of Star Wind LLC;

THAT Star Winds LLC is a limited liability company organized and authorized to conduct business under the laws of the State of Delaware;

THAT Star Wind LLC is authorized under the operating rules of its business to hold and operate leases, right-of-way grants, and right-of-use and easement grants for activities that produce, or support production, transportation, or transmission of, energy from sources other than oil and gas, on the Outer Continental Shelf (OCS), and right-of-use and easement grants for the alternate use of OCS facilities for energy or marine-related purposes;

¹ You need to submit the Document to you filed with the Secretary of State. It may also be called the “Certificate of Formation”, “Articles of Formation”, “Certificate of Organization” or a “Certificate of Registration”.

² You need to submit the Agreement that governs the LLC. It may also be called “Company Agreement”, “LLC Agreement” or “By-Laws”.

THAT all of the members of Star Wind LLC are as follows:

NAME	TITLE
George J. O'Neil	Managing Member
The Hutchinson Company LLC By: Brian J. Hutchinson, Member Authorized to act on its behalf	Member
Jay C. Banks	Member
ABC Energy, Inc. by Charles J. Foxworthy its Corporate Secretary Authorized to act on its behalf	Managing Member
John J. Smith	Managing Member

THAT Attachments "C", "D", "E", "F" and "G" are certificates from each of the five members concerning citizenship and authority to hold leases on the OCS;

THAT each individual Member of Star Winds LLC is a U.S. Citizen and each Corporate (or other entity Member) is incorporated or formed and organized under the laws of a U.S. State or Territory;

THAT each Managing Member of the Company (or those duly authorized to act on the Managing Member's behalf if the Member is not an individual) is individually empowered by the Operating Agreement to act on behalf of Star Wind LLC, in any matter related to the acquisition and operation of leases, right-of-way grants, or right-of-

use and easement grants for activities that produce, or support production, transportation, or transmission of, energy from sources other than oil and gas, on the OCS, and right-of-use and easement grants for the alternate use of OCS facilities for energy or marine-related purposes, to agree upon the terms of and to execute and deliver any instrument or agreement, including any application, bid, lease, plan, right-of-way grant, right-of-use and easement grant, bond or other financial assurance instrument, assignment, designation of operator, relinquishment, amendment, abandonment, power of attorney (including the revocation thereof), and any other paper.

IN WITNESS WHEREOF, I have hereunto set my hand, this ____ day of _____, 200_.

/s/ John J. Smith
Name: John Smith
Title: Member

Attachment A

(Please attach your:)

Articles of Organization

Also known as:

“Certificate of Formation”

“Articles of Formation”

“Certificate of Organization”

“Certificate of Registration”

ATTACHMENT “B”

(Please attach your:)

Operating Agreement

Also known as:

“Company Agreement”

“LLC Agreement”

“By-Laws”

ATTACHMENT "C"

CERTIFICATE OF GEORGE J. O'NEIL

I, George J. O'Neil, being a Managing Member of Star Winds LLC, do hereby certify that I am a citizen of the United States of America.

George J. O'Neil

ATTACHMENT "D"

CERTIFICATE OF THE HUTCHISON COMPANY LLC
MEMBER OF STAR WINDS LLC

I, Brian J Hutchinson, the managing member of The Hutchinson Company LLC, do hereby certify:

THAT I am a Member of The Hutchinson Company LLC;

THAT I am authorized by The Hutchinson Company LLC to give this certification to the Minerals Management Service;

THAT The Hutchinson Company LLC is a Member of Star Winds LLC; and

THAT The Hutchinson Company LLC is organized as a Limited Liability Company and is authorized to conduct business under the laws of the State of Florida and it is authorized under the operating rules of its business to hold and operate leases, right-of-way grants, and right-of-use and easement grants for activities that produce, or support production, transportation, or transmission of, energy from sources other than oil and gas, on the Outer Continental Shelf (OCS), and right-of-use and easement grants for the alternate use of OCS facilities for energy or marine-related purposes.

The Hutchinson Company LLC
By: Brian J. Hutchinson, Member authorized to
act on its behalf

ATTACHMENT "E"

Same form as ATTACHMENT “C”

ATTACHMENT "F"

CERTIFICATE OF ABC ENERGY, INC.

I, Charles J. Foxworthy, Corporate Secretary of ABC Energy, Inc., a Delaware corporation, do hereby certify:

THAT ABC Energy, Inc. is a Managing Member of Star Winds LLC; and

THAT ABC Energy, Inc. is incorporated and authorized to conduct business under the laws of the State of Delaware and it is authorized under the operating rules of its business to hold and operate leases, right-of-way grants, and right-of-use and easement grants for activities that produce, or support production, transportation, or transmission of, energy from sources other than oil and gas, on the Outer Continental Shelf (OCS), and right-of-use and easement grants for the alternate use of OCS facilities for energy or marine-related purposes.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said corporation, this ____ day of _____, 200_.

/s/ Charles J. Foxworthy

Corporate Secretary of ABC Energy, Inc.
Managing Member of Star Winds LLC

Affix CORPORATE SEAL

ATTACHMENT “G”

Same form as ATTACHMENT “C”

**CERTIFICATE OF STAR BRIGHT, INC.,
SOLE MEMBER OF STAR WINDS LLC**

I, John J. Smith, Secretary of Star Bright, Inc., a Delaware corporation, do hereby certify:
THAT Star Bright, Inc. is the sole Member of Star Winds LLC;
THAT Star Bright, Inc. is incorporated and authorized to conduct business under the laws of the State of Ohio;
THAT Attachment "A" is the Articles of Organization³ of Star Winds LLC from the Secretary of State of the State of Delaware and is hereby certified as a correct and current copy;
THAT Attachment "B" is the Operating Agreement⁴ and is hereby certified as a correct and current copy of the agreement governing the affairs of Star Wind LLC;
THAT Star Winds LLC is a limited liability company organized and authorized to conduct business under the laws of the State of Delaware;
THAT Star Wind LLC is authorized under the operating rules of its business to hold and operate leases, right-of-way grants, and right-of-use and easement grants for activities that produce, or support production, transportation, or transmission of, energy

³ You need to submit the Document to you filed with the Secretary of State. It may also be called the "Certificate of Formation", "Articles of Formation", "Certificate of Organization" or a "Certificate of Registration".

⁴ You need to submit the Agreement that governs the LLC. It may also be called "Company Agreement", "LLC Agreement" or "By-Laws".

from sources other than oil and gas, on the Outer Continental Shelf (OCS), and right-of-use and easement grants for the alternate use of OCS facilities for energy or marine-related purposes;

THAT all of the members of Star Wind LLC are as follows:

NAME	TITLE
Star Bright, Inc.	Member

THAT Star Bright, Inc. is incorporated and authorized to conduct business under the laws of the State of Ohio and it is authorized under the operating rules of its business to hold and operate leases, right-of-way grants, and right-of-use and easement grants for activities that produce, or support production, transportation, or transmission of, energy from sources other than oil and gas, on the OCS, and right-of-use and easement grants for the alternate use of OCS facilities for energy or marine-related purposes;

THAT each Member of Star Winds LLC is a Corporation incorporated or formed and organized under the laws of a U.S. State or Territory;

THAT Star Bright, Inc., as represented by John J. Smith, its Corporate Secretary authorized to act on its behalf, is individually empowered by the Operating Agreement to act on behalf of Star Wind LLC, in any matter related to the acquisition and operation of leases, right-of-way grants, or right-of-use and easement grants for activities that produce, or support production, transportation, or transmission of, energy from sources

other than oil and gas, on the OCS, and right-of-use and easement grants for the alternate use of OCS facilities for energy or marine-related purposes, to agree upon the terms of and to execute and deliver any instrument or agreement, including any application, bid, lease, plan, right-of-way grant, right-of-use and easement grant, bond or other financial assurance instrument, assignment, designation of operator, relinquishment, amendment, abandonment, power of attorney (including the revocation thereof), and any other paper;

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of Star Bright, Inc., the sole Member of Star Winds LLC, this ____ day of _____, 200_.

/s/ John J. Smith
John Smith
Corporate Secretary of Star Bright, Inc.

Affix CORPORATE SEAL

Attachment A

(Please attach your:)

Articles of Organization

Also known as:

“Certificate of Formation”

“Articles of Formation”

“Certificate of Organization”

“Certificate of Registration”

ATTACHMENT “B”

(Please attach your:)

Operating Agreement

Also known as:

“Company Agreement”

“LLC Agreement”

“By-Laws”

C E R T I F I C A T E

I, John D. Warren, Secretary of The Renewable Energy Company, a Louisiana corporation, a Limited Partner in the MRC Partnership, do hereby certify that The Renewable Energy Company is incorporated under the laws of the State of Louisiana and that it is authorized to leases, right-of-way grants, or right-of-use and easement grants for activities that produce, or support production, transportation, or transmission of, energy from sources other than oil and gas, on the Outer Continental Shelf (OCS), and right-of-use and easement grants for the alternate use of OCS facilities for energy or marine-related purposes.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said corporation as of the 1st day of February, 1984.

/s/ John D. Warren
John D. Warren
CORPORATE SEAL

C E R T I F I C A T E

The undersigned, Assistant Secretary of Renewable Energy Resources Corporation, a Delaware corporation, General Partner of MRC Partnership, does hereby certify that the attached is a true and correct listing of the limited partners in said limited partnership and that all of same are citizens of the United States of America.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said corporation as of the 31st day of January, 1984.

/s/ Krystal G. Hopson
Assistant Secretary
CORPORATE SEAL

INDIVIDUAL LIMITED PARTNERS
IN
MRC PARTNERSHIP

J. M. Arata

C. L. Boyce

A. C. Clair

A. M. Dennison

K. L. Fox

H. E. Gustavson

Agnes Hill

Warren Ingerson

G. O. Jefferson

Margery Kennedy

Lillian B. Louellen

M. M. Moses

Abby Nostrum

Elizabeth Peoples

George Orwell

Thomas Victory

Grady Wilson

E. V. Young

Homer Zawalski

Edna Zawoski

C E R T I F I C A T E

The undersigned hereby certifies that he is Secretary of Renewable Energy Resources Corporation, a Delaware corporation (the Company"), Managing General Partner of MRC Partnership, that the following is a true and correct copy of a Resolution adopted by the Board of Directors of the Company by Unanimous Written Consent dated September 1, 1983, and that said resolution has not been amended or rescinded and at this date is in full force and effect.

RESOLVED, that the President and each Vice President of the Company is hereby empowered to act on behalf of the MRC Partnership, in any matter relating to leases, right-of-way grants, or right-of-use and easement grants for activities that produce, or support production, transportation, or transmission of, energy from sources other than oil and gas, on the Outer Continental Shelf (OCS), and right-of-use and easement grants for the alternate use of OCS facilities for energy or marine-related purposes, to agree upon the terms of and to execute and deliver any instrument or agreement, including any application, bid, lease, bond, assignment, relinquishment, or other paper.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said corporation as of the 1st day of February, 1984.

/s/ Blair Walston
Blair Walston
Secretary
CORPORATE SEAL

RENEWABLE ENERGY RESOURCES CORPORATION
INCUMBENCY CERTIFICATE

I, Krystal G. Hopson, Assistant Secretary of Renewable energy Resources Corporation, a Delaware corporation (the "Company"), Managing General Partner of MRC Partnership, do hereby certify that the following named persons now are, and at all times subsequent to September 1, 1983, have been duly elected or appointed, qualified and acting officers of the Company, holding the offices set forth after their respective names as follows:

NAMES	OFFICE
James Carter	President and Secretary
Scott Joplin	Executive Vice President
Richard Chambers	Executive Vice President
Robert Donato	Senior Vice President
Walton Hart	Treasurer
Bennett Augst	Senior Vice President
Earl Amdie	Senior Vice President
Monte Halston	Senior Vice President
Richard Smith	Senior Vice President
Deal Lawrence	Vice President
Robert English	Vice President
Stephen Kiley	Vice President
Steven Ford	Vice President

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of the Company as of the 1st day of September, 1983.

/s/ Krystal G. Hopson
Krystal G. Hopson
Assistant Secretary
CORPORATE SEAL

RENEWABLE ENERGY RESOURCES CORPORATION
CERTIFICATE

The undersigned hereby certifies that she is duly elected, qualified and acting Assistant Secretary of Renewable energy Resources Corporation, a Delaware corporation (the "Company"), Managing General Partner of MRC Partnership, and that annexed hereto is a true and correct copy of a Certificate of Partnership and amendments thereto, as well as an Agreement of Partnership of MRC Partnership.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of the company as of 31st day of January, 1983.

/s/ Krystal G. Hopson
Krystal G. Hopson
Assistant Secretary
CORPORATE SEAL

CERTIFICATE OF PARTNERSHIP
OF
MRC PARTNERSHIP
(a Mississippi General Partnership)

AGREEMENT OF PARTNERSHIP
OF
MRC PARTNERSHIP
(a Mississippi General Partnership)

C E R T I F I C A T E

I, Blair Walston, Secretary of Renewable energy Resources Corporation, a Delaware corporation, Managing General Partner of MRC Partnership, do hereby certify that MRC Partnership is organized under the laws of the State of Mississippi, and that it is authorized to leases, right-of-way grants, or right-of-use and easement grants for activities that produce, or support production, transportation, or transmission of, energy from sources other than oil and gas, on the Outer Continental Shelf (OCS), and right-of-use and easement grants for the alternate use of OCS facilities for energy or marine-related purposes.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said corporation as of the 31st day of January, 1984.

/s/ Blair Walston
Blair Walston
Secretary
CORPORATE SEAL

C E R T I F I C A T E

I, Blair Walston, Secretary of Renewable energy Resources Corporation, a Delaware corporation, Managing General Partner of MRC Partnership, do hereby certify that Renewable energy Resources Corporation is incorporated under the laws of the State of Delaware and that it is authorized to hold leases, right-of-way grants, or right-of-use and easement grants for activities that produce, or support production, transportation, or transmission of, energy from sources other than oil and gas, on the Outer Continental Shelf (OCS), and right-of-use and easement grants for the alternate use of OCS facilities for energy or marine-related purposes.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said corporation as of the 31st day of January, 1984.

/s/ Blair Walston
Blair Walston
Secretary

C E R T I F I C A T E

I, Harry Johns, Assistant Secretary of Resources Incorporated, a Texas corporation, a General Partner in the MRC Partnership, do hereby certify that Resources Incorporated is incorporated under the laws of the State of Texas and that it is authorized to hold leases, right-of-way grants, or right-of-use and easement grants for activities that produce, or support production, transportation, or transmission of, energy from sources other than oil and gas, on the Outer Continental Shelf (OCS), and right-of-use and easement grants for the alternate use of OCS facilities for energy or marine-related purposes.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said corporation as of the 30th day of January, 1984.

/s/ Harry Johns
Harry Johns
Assistant Secretary

THE TRUST AGREEMENT HAS BEEN PURPOSELY OMITTED FROM THIS DOCUMENT BECAUSE OF ITS LENGTH. PLEASE CALL OUR OFFICE FOR AN EXAMPLE OF THIS DOCUMENT.

CERTIFICATE

I, Sylvert Berg, Assistant Secretary of Renewable Resources Inc., a corporation organized and existing under the laws of the State of Delaware, do hereby certify that the attached document titled Certificate of Amendment of Certificate of Incorporation is a true and correct copy of the Certificate of Incorporation filed in the Secretary of State of the State of Delaware's office on November 1, 1989.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said corporation as of the 15th day of November, 1989.

/s/ Sylvert Berg
Assistant Secretary
CORPORATE SEAL

STATE OF DELAWARE
OFFICE OF SECRETARY OF STATE

I, GLENN C. KENTON, SECRETARY OF STATE OF THE STATE OF DELAWARE DO
HEREBY CERTIFY THAT THE ATTACHED IS A TRUE AND CORRECT COPY OF THE
CERTIFICATE OF AMENDMENT OF RENEWABLE RESOURCES CORPORATION
FILED IN THIS OFFICE ON THE FIRST DAY OF NOVEMBER A.D. 1989, AT 10:01
O'CLOCK A.M.

/s/ Glenn C. Kenton
Secretary of State
AUTHENTICATION: 10100958
DATE: 11/1/89

CERTIFICATE OF AMENDMENT
TO
CERTIFICATE OF INCORPORATION

RENEWABLE RESOURCES CORPORATION, a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, DOES HEREBY CERTIFY:

FIRST: That the Board of Directors of said corporation, by consent signed November 1, 1989, adopted the following resolution:

"RESOLVED, that the Board of Directors hereby declares it advisable and in the best interest of the Company that Article First of the Certificate of Incorporation be amended to read as follows:

"First: The name of the corporation shall be Renewable Resources Inc. (hereinafter called the "Company")."

SECOND: That the said amendment has been consented to and authorized by the holder of all the issued and outstanding stock entitled to vote by written consent given in accordance with the provision of Section 228 of the General Corporation Law of the State of Delaware and filed with the Corporation on the 1st day of November.

THIRD: That the aforesaid amendment was duly adopted in accordance with the provision of Sections 141(f), 228 and 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, Renewable Resources Corporation has caused its corporate seal to be hereunto affixed and this certificate to be filed by Jerry W. Butler, its Vice President, and Ann Cliene, its Assistant Secretary, this 31st day of October 1989.

By /s/ Jerry W. Butler
Vice President
CORPORATE SEAL
ATTEST: /s/ Ann Cliene
Assistant Secretary

STATE OF ARKANSAS
(COUNTY OF UNION)

BE IT REMEMBERED that on this 1st day of November, A.D., 1989, personally came before me Renee Bryant, a Notary Public in and for the County and State aforesaid, Jerry W. Butler, Vice President of RENEWABLE RESOURCES CORPORATION, a corporation of the State of Delaware, the corporation described in and which executed the foregoing certificate, known to me personally to be such, and he, the said Jerry W. Butler, as such Vice President, duly executed said certificate before me and acknowledged that said certificate to be his act and deed of said corporation; that the signatures of the said Vice President and Assistant Secretary of said corporation to the said foregoing certificate are in the handwriting of the said Vice President and Assistant Secretary of said Corporation respectively, and that the seal affixed to said certificate is the common or corporate seal of said corporation and that the facts stated in the foregoing certificate are true.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of office the day and year aforesaid.

/s/ Renee Bryant
Notary Public in and for
Union County, Arkansas

NOTARY SEAL

My Commission expires:
January 18, 1990

CERTIFICATE

The undersigned hereby certifies that he is Secretary of Renewable Resources Inc., a Delaware corporation (the "Company"), that the following is a true and correct copy of a resolution adopted by the Board of Directors of the Company by unanimous written consent dated April 29, 1988, and that said resolution has not been amended or rescinded and at this date is in full force and effect:

VOTED: The Chairman and President of the Company, and each of them acting singly, be and are hereby authorized and empowered, in the name and on behalf of the company, in any matter relating to leases, right-of-way grants, or right-of-use and easement grants for activities that produce, or support production, transportation, or transmission of, energy from sources other than oil and gas, on the Outer Continental Shelf (OCS), and right-of-use and easement grants for the alternate use of OCS facilities for energy or marine-related purposes, to agree upon the terms of and to execute and deliver, and the Company is hereby authorized to perform, any instrument or agreement, including any application, bid, lease, bond, assignment, relinquishment, or other paper.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of the Company this 29th day of April, 1988.

/s/ Jerry Butler
Secretary
CORPORATE SEAL

STATE OF ARKANSAS
COUNTY OF UNION
STATEMENT OF RENEWABLE RESOURCES INC.

The undersigned, Sylvert Berg, Assistant Secretary of Renewable Resources Inc., being first duly sworn on her oath, states that the following statement is correct to the best of her knowledge.

1. State of Incorporation. Renewable Resources Inc. is incorporated in the State of Delaware.
2. Authorization to hold leases, right-of-way grants, or right-of-use and easement grants for activities that produce, or support production, transportation, or transmission of, energy from sources other than oil and gas, on the Outer Continental Shelf (OCS), and right-of-use and easement grants for the alternate use of OCS facilities for energy or marine-related purposes. Renewable Resources is authorized to hold leases, right-of-way grants, or right-of-use and easement grants for activities that produce, or support production, transportation, or transmission of, energy from sources other than oil and gas, on the Outer Continental Shelf (OCS), and right-of-use and easement grants for the alternate use of OCS facilities for energy or marine-related purposes

Dated this 15th day of November, 1989

Renewable Resources Inc.
CORPORATE SEAL
/s/ Sylvert Berg
Assistant Secretary

SUBSCRIBED AND SWORN TO before me this 15th day of November, 1989.

/s/ Renee Bryant
Notary Public
My Commission Expires:
RENEE BRYANT, Notary Public
Union County, Arkansas
My commission expires Jan. 18, 1990

INCUMBENCY CERTIFICATE

I, Sylvert Bert, Assistant Secretary of Renewable Resources Inc., a Delaware corporation (the "Company"), do hereby certify that the following named persons now are, and have been duly elected or appointed, qualified and acting officers of the Company, holding the offices set forth after their respective names as follows:

NAMES	OFFICE
Charles Toups	Chairman of the Board
Robert Orre	President
Jack Frost	Executive Vice President
Jerry Butler	Vice President and Secretary
Charles Boyer	Vice President
John Glenn	Vice President
Paul Marten	Vice President
Michael Doyle	Vice President
Glenn Johnson	Vice President
George Kennedy	Controller
Donald Richardson	Treasurer
Ann Thierry	Assistant Secretary
Sylvert Berg	Assistant Secretary

IN WITNESS WHEREOF, I have executed this Certificate and affixed the seal of the Company this 15th day of November, 1989.

/s/ Sylvert Berg
 Assistant Secretary
 CORPORATE SEAL

UNITED STATES FIDELITY AND GUARANTY COMPANY
BALTIMORE, MARYLAND
(A Stock Insurance Company)

R I D E R

The UNITED STATES FIDELITY AND GUARANTY COMPANY, as Surety on Bond Number 40-124-224-84, issued effective the 15th day of January, 1978, on behalf of RENEWABLE RESOURCES CORPORATION, as Principal, in favor of the UNITED STATES OF AMERICA hereby gives notice of the change in the name of said Principal to:

RENEWABLE RESOURCES INC.

Effective the 1st day of November, 1989 and agrees to remain liable under said bond as though so originally executed.

All other terms and conditions remain unchanged.

Signed, sealed, and dated this 1st day of November, 1989.

ATTEST: LEALAND OIL INC.
Principal
/s/ Ann Thierry
Assistant Secretary
By /s/ Glenn Johnson
Vice President

CORPORATE SEAL
UNITED STATES FIDELITY AND GUARANTY COMPANY

SURETY'S SEAL

By /s/ Kathryn Clark
Attorney-in-Fact

Renewable Resources Inc.

List of Renewable energy Leases with Record Title Ownership in the Gulf of Mexico OCS Region Affected by Name Change

OCS-G NO.	OCS-G NO.
1848	4698
2418	4728
2422	4730
2434	4731
2555	4735
2556	4740
2751	4741
2818	5002
3283	6099

List of Renewable energy Leases with Operating Rights Ownership Only in the Gulf of Mexico OCS Region Affected by Name Change

OCS-G NO.
4978
5664

List of Rights-of-Way in the Gulf of Mexico OCS Region Affected by Name Change

OCS-G NO.
1306
1306-A

List of Rights-of-Use and Easement in the Gulf of Mexico OCS Region Affected by Name Change

OCS-G NO.
15036
16775

RENEWABLE RESOURCES COMPANY
CERTIFICATE

The undersigned, D. Coneck, Assistant Secretary of Renewable Resources Company does hereby certify that:

1. Effective March 2, 1989, Renewable Energy Company, as authorized by its stockholders, merged into Renewable Resources Company and the separate corporate existence ceased, with Renewable Resources Company becoming the surviving corporation.
2. Attached hereto as Exhibit A is a true machine copy of the Certificate of Merger of Renewable Energy Company into Renewable Resources Company, including the certificate of the Secretary of State of the State of Delaware, the state of incorporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said corporation this 31st day of May 1989.

/s/ D. Coneck
Assistant Secretary

EXHIBIT 28

Page 1 of 1

I, Glenn C. Kenton, Secretary of State of the State of Delaware, do hereby certify that the attached is a true and correct copy of Certificate of Merger filed in this office on March 8, 1989 .

/s/ Glenn C. Kenton

BY: /s/ B. Adams

DATE: March 30, 1989

CERTIFICATE OF MERGER
OF
RENEWABLE ENERGY COMPANY
INTO
RENEWABLE RESOURCES COMPANY

Under Section 251 of the General Corporation Law of the State of Delaware Pursuant to Section 251(c) of the General Corporation Law of the State of Delaware, RENEWABLE RESOURCES COMPANY, a Delaware corporation ("Renewable Resources"), hereby certifies the following information relating to the merger of RENEWABLE ENERGY COMPANY, a Delaware corporation ("Renewable Energy"), with and into Renewable Resources (the "Merger")

1. The names and states of incorporation of Renewable Resources and Renewable Energy, which are the constituent corporations in the Merger (the "Constituent Corporations"), are:

Name	State of Incorporation
RENEWABLE RESOURCES COMPANY.....	Delaware
RENEWABLE ENERGY OIL COMPANY.....	Delaware

2. The Agreement and Plan of Merger, dated as of February 11, 1989 (the Agreement of Merger"), between Renewable Resources and Renewable Energy, setting forth the terms and conditions of the Merger, has been approved, adopted, certified, executed and acknowledged by each of the Constituent Corporations in accordance with the provisions of Section 251(c), of the General Corporation Law of the State of Delaware.

3. The name of the corporation surviving the Merger is "RENEWABLE RESOURCES COMPANY."

4. The Certificate of Incorporation of Renewable Resources Company, as in effect at the time of filing of this Certificate of Merger, shall be the Certificate of Incorporation of the surviving corporation of the Merger.

5. The executed Agreement of Merger is on file at the principal place of business of the surviving corporation of the Merger, which is located at 1122 Main Street, New Orleans, Louisiana, 70112.

6. A copy of the Agreement of Merger will be furnished by the surviving corporation of the Merger, on request and without cost, to any stockholder of either of the Constituent Corporations.

IN WITNESS WHEREOF, this Certificate of Merger has been executed on this 8th day of March 1989.

RENEWABLE RESOURCES COMPANY
By /s/ Harry Small
Vice President

CORPORATE SEAL

Attest:
/s/ Dale Johnson
Assistant Secretary

CERTIFICATE OF ASSISTANT SECRETARY
OF
RENEWABLE RESOURCES COMPANY

I, D. Coneck, Assistant Secretary of Renewable Resources Company, a Delaware corporation, do hereby certify that Renewable Resources Company is incorporated under the laws of the State of Delaware and that it is authorized to hold leases, right-of-way grants, or right-of-use and easement grants for activities that produce, or support production, transportation, or transmission of, energy from sources other than oil and gas, on the Outer Continental Shelf (OCS), and right-of-use and easement grants for the alternate use of OCS facilities for energy or marine-related purposes.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said corporation, this 18th day of July 1989.

/s/ D. Coneck
Assistant Secretary
CORPORATE SEAL

RENEWABLE RESOURCES COMPANY
INCUMBENCY CERTIFICATE

I, D. Coneck, the Assistant Secretary of Renewable Resources Company, a Delaware corporation, do hereby certify that the following named persons now are, and/or have been duly elected, or appointed, qualified and acting officers of the Company holding the offices set forth after their respective name as follows:

Name	Office
M.L. Richards	President
M.B. Thomas	Executive Vice President
W.J. Jones	Senior Vice President
W.W. Done	Vice President
D.H. Power	Vice President and Controller
Walter Leroi	Vice President and Assistant General Tax Officer
G.C. Coe	Secretary
Peter O'Toole	General Tax Officer
C.B. Radie	Assistant Treasurer
Dale J. Johnson	Assistant Secretary
D. Coneck	Assistant Secretary
Jeannie Francis Assistant	General Tax Officer

IN WITNESS WHEREOF, I have executed this Certificate and affixed the seal of the Company this 18th day of July 1989.

/s/ D. Coneck
Assistant Secretary
CORPORATE SEAL

CERTIFICATE

The undersigned hereby certifies that he is the Assistant Secretary of Renewable Resources Company, a Delaware corporation (the "Company"), that the following is a true and correct copy of a resolution duly adopted by the Board of Directors of the Company on July 18, 1989, and that said resolution has not been amended or rescinded and that as of this date is in full force and effect:

RESOLVED, that the President and each Vice President of the Company is hereby individually empowered on behalf of the Company, in any matter relating to the acquisition of leases, right-of-way grants, or right-of-use and easement grants for activities that produce, or support production, transportation, or transmission of, energy from sources other than oil and gas, on the Outer Continental Shelf (OCS), and right-of-use and easement grants for the alternate use of OCS facilities for energy or marine-related purposes, to agree upon the terms of and to execute and deliver any instrument or agreement, including any application, bid, lease, bond, assignment, relinquishment, abandonment, power of attorney (including the revocation thereof), and any other paper.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of the Company this 26th day of July, 1989.

/s/ D. Coneck
Assistant Secretary
CORPORATE SEAL

Appendix C: Figures

Figure 1: Lower 48 Planning Areas on the OCS.



Figure 2: Alaska Planning Areas on the OCS.

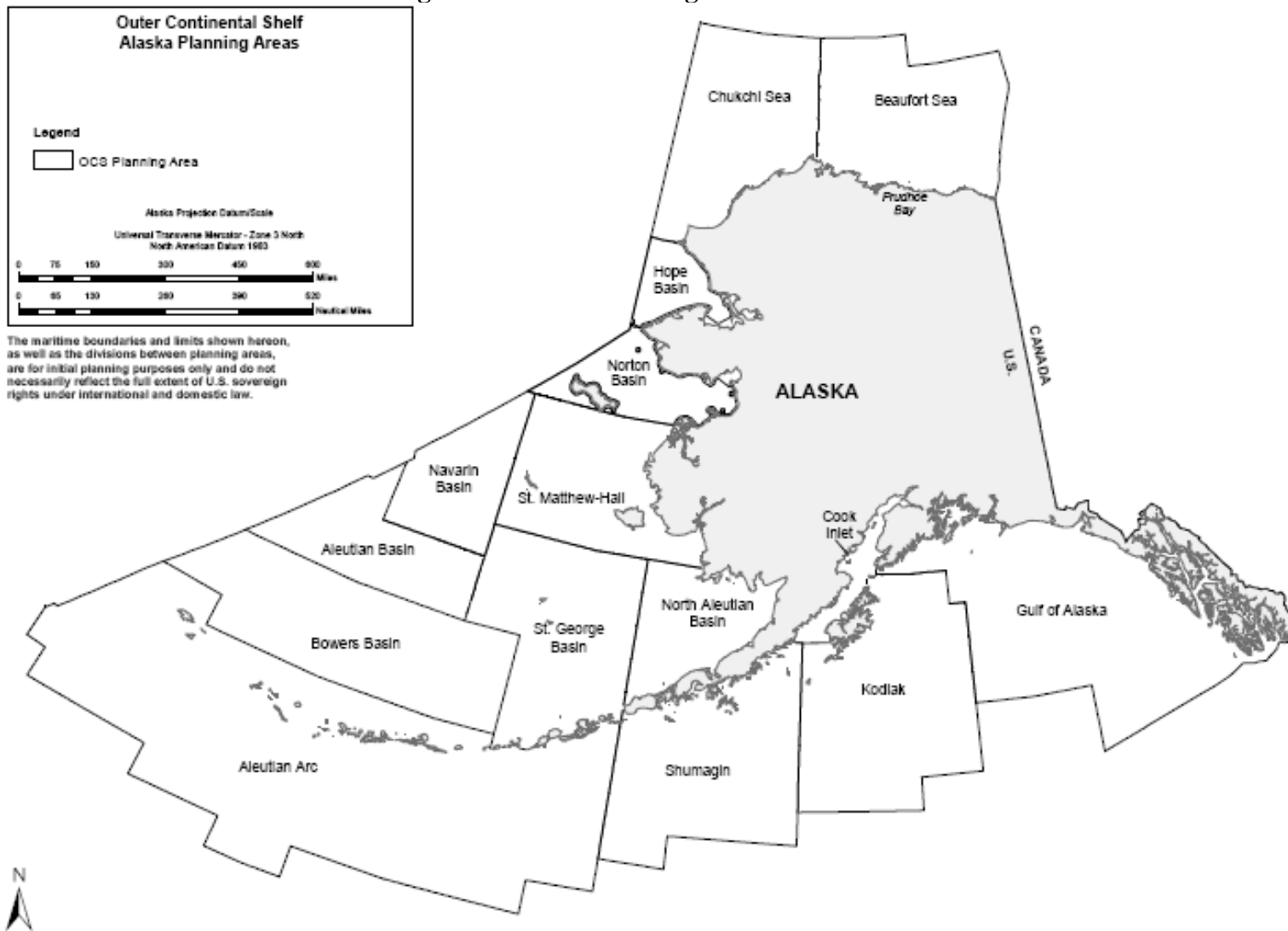


Figure 3: Leasing Map.

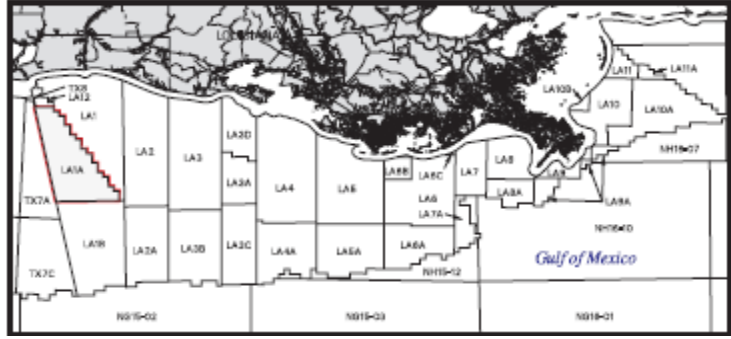
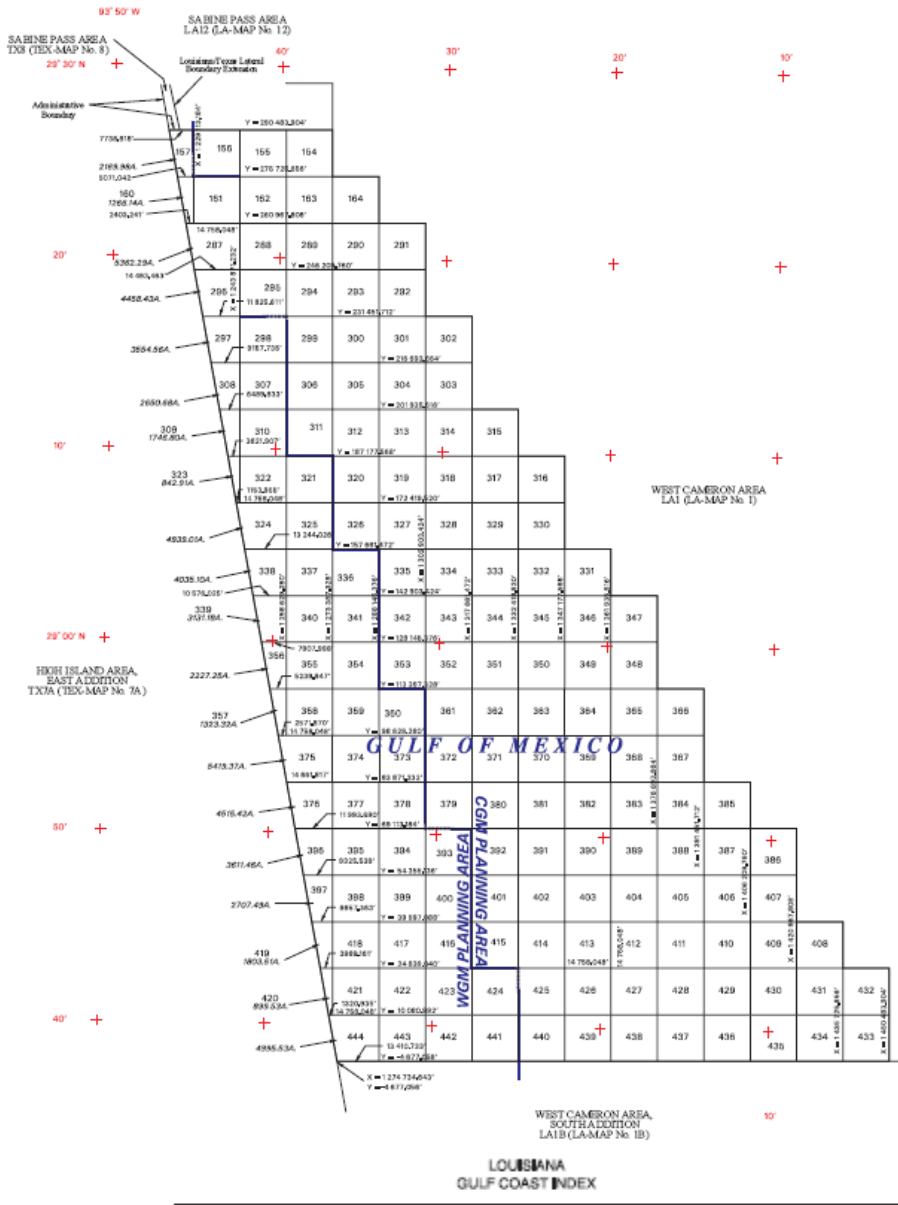
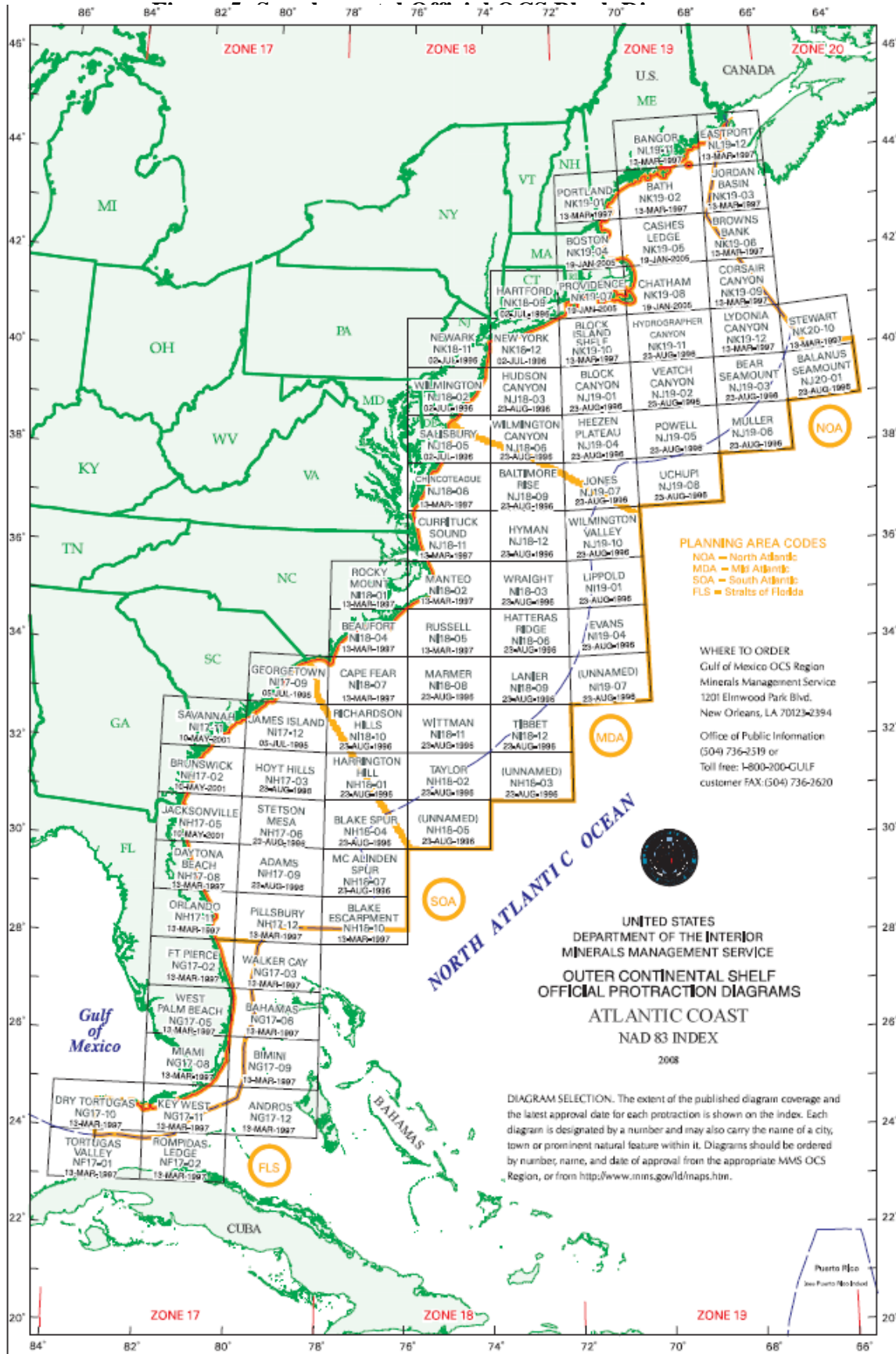


Figure 4: OCS Official Protraction Diagram.



The Department of the Interior Mission



As the Nation's principal conservation agency, the Department of the Interior has responsibility for most of our nationally owned public lands and natural resources. This includes fostering sound use of our land and water resources; protecting our fish, wildlife, and biological diversity; preserving the environmental and cultural values of our national parks and historical places; and providing for the enjoyment of life through outdoor recreation. The Department assesses our energy and mineral resources and works to ensure that their development is in the best interests of all our people by encouraging stewardship and citizen participation in their care. The Department also has a major responsibility for American Indian reservation communities and for people who live in island territories under U.S. administration.

The Minerals Management Service Mission



As a bureau of the Department of the Interior, the Minerals Management Service's (MMS) primary responsibilities are to manage the mineral resources located on the Nation's Outer Continental Shelf (OCS), collect revenue from the Federal OCS and onshore Federal and Indian lands, and distribute those revenues.

Moreover, in working to meet its responsibilities, the **Offshore Minerals Management Program** administers the OCS competitive leasing program and oversees the safe and environmentally sound exploration and production of our Nation's offshore natural gas, oil and other mineral resources. The MMS **Minerals Revenue Management** meets its responsibilities by ensuring the efficient, timely and accurate collection and disbursement of revenue from mineral leasing and production due to Indian tribes and allottees, States and the U.S. Treasury.

The MMS strives to fulfill its responsibilities through the general guiding principles of: (1) being responsive to the public's concerns and interests by maintaining a dialogue with all potentially affected parties and (2) carrying out its programs with an emphasis on working to enhance the quality of life for all Americans by lending MMS assistance and expertise to economic development and environmental protection.