

**PROCEDURES FOR CHANGE OF OPERATOR
FOR THE MMS PACIFIC OCS REGION
UPDATED: FEBRUARY 1, 2010**

The following list is a summary of the actions necessary to change to a new operator on producing leases and rights-of-way in the MMS Pacific OCS Region. Step 2 needs to occur before MMS can process paperwork submitted under the remainder of the steps. Since change of operatorship can take several months, companies often choose to change ownership first. Steps 2 and 3 are required to change ownership, and lease/supplemental bonds are required for change of ownership if the remaining owners/operator do not meet MMS's bond requirements. Most steps can and should occur concurrently.

| Action | MMS Contact | <i>Date Finalized</i> |
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| <p>1. New company notifies MMS that it would like to become an operator. MMS conducts an internal review to determine if the current operator has any outstanding corrective actions that should be resolved early in the process.</p> | <p>Rishi Tyagi Regional Supervisor, OFO 805.389.7777 rishi.tyagi@mms.gov</p> | |
| <p>2. New company submits qualification paperwork. MMS qualifies the company to hold interest in leases, and approves list of officials authorized to sign on behalf of the company. Companies already qualified to hold interest in leases should ensure that individuals that will be signing documents are listed as authorized on their qualification card. (See 30 CFR 256.46.)</p> | <p>Elverlene Williams Leasing Specialist, OLE 805.389.7837 elverlene.williams@mms.gov</p> | |

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| <p>3. New or original companies submit lease and right-of-way assignments and filing fees, if applicable. Officials recognized by MMS as authorized to sign for the companies must sign assignments. If the new company wishes to become an owner before it is approved as an operator, it must: 1) agree to the original operator by submitting Designation of Operator forms for each lease and right-of-way, and 2) submit Oil Spill Financial Responsibility paperwork to the MMS Gulf of Mexico Region Office to designate an existing applicant (see #15 for contact information). MMS sends lease assignments to the Department of Justice for antitrust review, and then approves the assignments. (See 30 CFR 256.62 to 256.68 for assignments and 30 CFR 250.1013 for rights-of-way.)</p> <p><i>Each record title assignment @ \$170.00</i></p> | <p>Elverlene Williams Leasing Specialist, OLE 805.389.7837 elverlene.williams@mms.gov</p> | |
| <p>4. All companies holding interest in affected leases and rights-of-way agree to the new operator by submitting Designation of Operator for each lease, right-of-way, and pipeline. If the leases are in a unit, designation of a successor unit operator under step 13 replaces the requirement for Designation of Operator for each lease and pipeline. However, a Designation of Operator for each right-of-way is still required. Approval of the Designation of Operator is covered in Step 12. (See 30 CFR 250.143.)</p> <p><i>Each designation @ 150.00</i></p> | <p>Elverlene Williams Leasing Specialist, OLE 805.389.7837 elverlene.williams@mms.gov</p> | |

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| <p>5. New operator (or lease holders) submits lease bond or area-wide bond, and right-of-way bond (if applicable). (See 30 CFR 256.52, 256.54 & 250.1009.)</p> | <p>Elverlene Williams Leasing Specialist, OLE 805.389.7837 elverlene.williams@mms.gov</p> | |
| <p>6. New operator submits audited financial statement and decommissioning cost estimate. MMS's Financial Responsibility Team (FRT) reviews financial and abandonment cost data and recommends to management whether a supplemental bond should be required. MMS prepares its own abandonment cost estimate and communicates any differences to the new operator to see if they can be reconciled. MMS notifies new operator of supplemental bond decision. (See 30 CFR 256.53 to 256.57.)</p> | <p>Jaron Ming Team Leader, FARM Policy Analyst, ORD 805.389.7514 jaron.ming@mms.gov</p> | |
| <p>7. New operator (or lease holders) submits supplemental bond or other financial instruments acceptable to MMS, if required by MMS. (See 30 CFR 256.53 to 256.57.)</p> | <p>Jaron Ming Team Leader, FARM Policy Analyst, ORD 805.389.7514 jaron.ming@mms.gov</p> | |
| <p>8. MMS reviews pipeline ownerships and operatorships to determine if new rights-of-way are needed, existing ones should be terminated, or any other pipeline matters need to be addressed. MMS notifies new operator. New operator submits rights-of-way applications and filing fees, if needed. (See 30 CFR 250.1009 to 250.1014.)</p> | <p>Theresa Bell Petroleum Engineer, OSES, OFO 805.389.7554 theresa.bell@mms.gov</p> | |

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| <p>9. New operator sends a letter to MMS certifying it is a member of an oil spill cooperative for the identified facilities, and certifying that it has the capability to respond, to the maximum extent practicable, to a worst case discharge or a substantial threat of such a discharge from the facilities (in lieu of providing a revised oil spill contingency plan). A letter or certificate from the oil spill cooperative documenting term of membership needs to be attached. (See 30 CFR 254.)</p> | <p>Craig Ogawa, Oil Spill Program Administrator OSES, OFO 805.389.7569 craig.ogawa@mms.gov</p> | |
| <p>10. New operator meets with MMS Office of Field Operations. New operator supplies operational personnel qualification statements and discusses operatorship experience and safety history relevant to the OCS. MMS may run drills to determine if new operator is ready to assume operatorship. (See 30 CFR 250.107.)</p> | <p>Rishi Tyagi Regional Supervisor, OFO 805.389.7777 rishi.tyagi@mms.gov</p> | |
| <p>11. MMS completes review of current operator's pending corrective actions, if any. Current operator resolves any problems, or provides schedule for correcting problems. New operator assumes any pending corrective actions. (See 30 CFR 250.107.)</p> | <p>Phil Schroeder District Manager, CDO, OFO 805.389.7560 phil.schroeder@mms.gov</p> | |

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| <p>12. MMS approves the new lease or right-of-way operator.</p> <p>This approval is subject to the new operator abiding by and accepting all obligations and conditions. If the lease is in a unit, this step is skipped, and the unit operator is approved in step 14. The change of operatorship is effective the date of MMS’s approval letter. MMS must approve the designation of operator before the designated operator may begin operations. (See 30 CFR 250.143.)</p> | <p>Rishi Tyagi Regional Supervisor, OFO 805.389.7777 rishi.tyagi@mms.gov</p> | |
| <p>13. Operators request change in unit operator (and/or suboperator, if applicable).</p> <p>Operators provide the following to MMS, per the unit agreement and unit operating agreement: 1) Resignation of current unit operator; 2) Designation of successor unit operator by the working interest owners, evidenced by acceptance of the rights and obligations of the unit operator by the new operator and concurrence by all working interest owners, evidenced by signatures from authorized officials recognized by MMS; 3) Ratification and joinder of the Unit Agreement and Unit Operating Agreement by the new operator and any new working interest owners; and 4) Revision of appropriate unit agreement exhibits and unit operating agreement exhibits, if ownership has changed. (See 30 CFR 250.1300 to 1304.) If a suboperator change is needed, the requirements above apply to the suboperator change.</p> <p><i>Unitization Revision = \$760.00</i></p> | <p>Allan Shareghi Geologist, OPDRE 805.389.7704 allan.shareghi@mms.gov</p> | |

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| <p>14. MMS approves the new unit operator (and/or suboperator, if applicable). If all of the above steps 1-13 have been met, then MMS will provide: 1) Acceptance of resignation of current unit operator (and suboperator, if applicable); 2) Approval of the successor unit operator, and suboperator, if applicable), and 3) Approval of the unit agreement ratifications and exhibits. The change of operatorship can not be effective prior to the date of MMS's approval letter. This approval is subject to the new operator abiding by and accepting all obligations and conditions. (See 30 CFR 250.1300 to 1304.)</p> | <p>Drew Mayerson Regional Supervisor, OPDRE 805.389.7707 drew.mayerson@mms.gov</p> | |
| <p>15. Approved operator submits Oil Spill Financial Responsibility (OSFR) paperwork to the MMS Gulf of Mexico Region Office. New operator must designate an existing applicant (if it has not done so as a lessee) or submit a new application with themselves as the designated applicant within 15 days after approval by MMS. The MMS contact in the Gulf of Mexico Region is Pat Clancy, 504.736.2600. (See 30 CFR 253)</p> | <p>Craig Ogawa Oil Spill Program Administrator, OSES, OFO 805.389.7569 craig.ogawa@mms.gov</p> | |
| <p>16. Approved operator meets with MMS regarding our Environmental Studies Program. MMS briefs the new operator on our Environmental Studies Program and study activities occurring near their platforms/operations. (See 30 CFR 256.82)</p> | <p>Dr. Ann Bull Chief, Environmental Studies Section, OLE 805.389.7850 ann.s.bull@mms.gov</p> | |

Acronyms

California District Office

Financial Accountability & Risk Management

Office of Field Operations

Office of Leasing & Environment

Office of Production, Development, and Resource Evaluation

CDO

FARM

OFO

OLE

OPDRE

*Office of the Regional Director
Operations, Safety & Enforcement Section*

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