



Idle Iron Initiative - Gulf of Mexico

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Why do we have an Idle Iron Initiative ?



- As we saw during past hurricanes, some facilities are toppled.
- Pollution risk
- Increase risk to personnel plugging wells & removing facilities which are toppled.
- Cost to plug & abandon a toppled well is significantly more than the conventional cost.



§ 250.1703 What are the general requirements for decommissioning?

When your facilities are no longer useful for operations, you must:

(a) Remove all platforms and other facilities;

§ 250.1711 - When will BSEE order me to permanently plug a well?

BSEE will order you to permanently plug a well if that well:

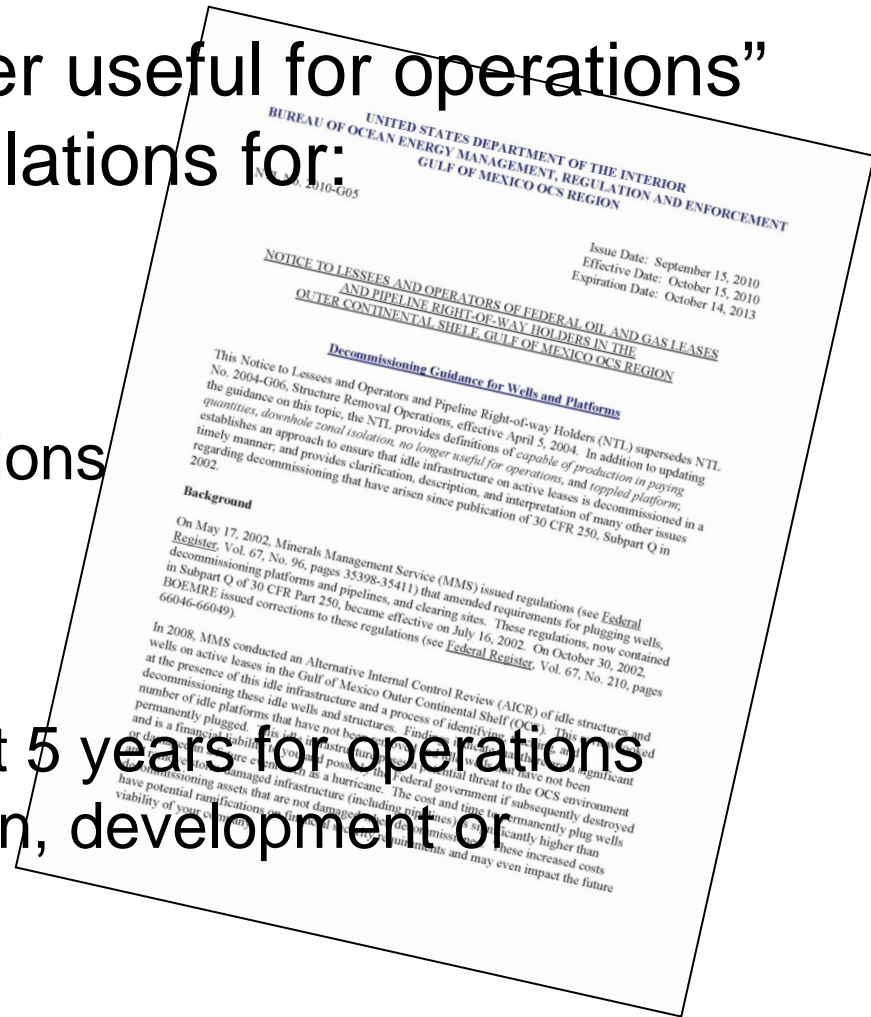
(a) Poses a hazard to safety or the environment; or

(b) Is not useful for lease operations and is not capable of oil, gas, or sulphur production in paying quantities.



The NTL Defines “No longer useful for operations” which is used in the regulations for:

- Wells
 - No production 5 years
 - No plans for future operations
- Platforms
 - Toppled
 - Has not been used in past 5 years for operations associated with exploration, development or production of oil/gas



NTL 2010-G05 Requirments



- You must perform one of the following with Idle Wells within 3 years:
 - PA the well in accordance 250.1712 - .1717; or
 - TA the well in accordance 250.1721; or
 - Provide the well with downhole isolation. Within 2 years of setting downhole plugs, they must either PA/TA the well
- Idle platforms must be removed as soon as possible, but not longer than 5 years after it became no longer useful.

Implementation of NTL 2010-G05

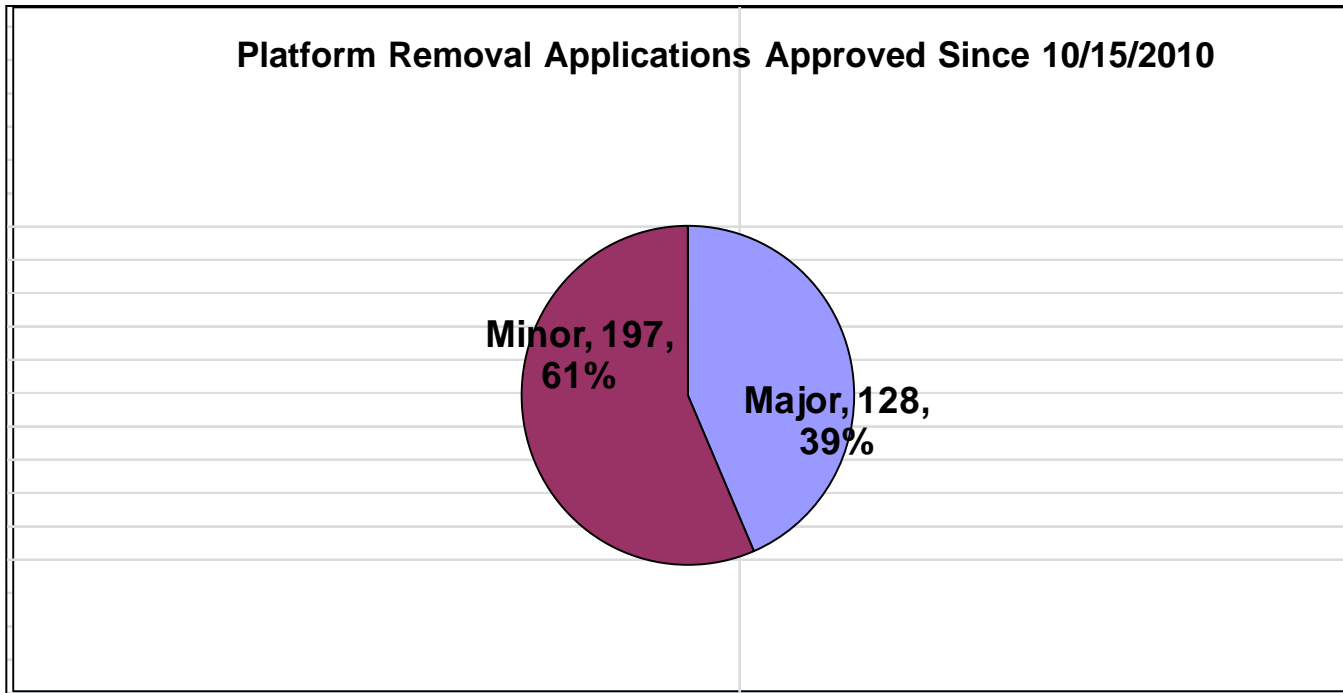


- **A total of 156 letters went out to operators**
 - **BSEE received a total of 97 idle iron plans in response to October 2010 idle iron letters** (Note: Some operators that did not respond had already address their idle well situation and some operators had sold their properties to another operator who is addressing those wells)
 - **These 97 plans cover**
 - 3092 idle wells (96 %) of 3233 total idle wells
 - 1056 expired wells (85 %) of 1246 total expired wells
 - 600 idle platforms (97 %) of 617 total idle platforms
 - 259 expired platforms (89 %) of 292 total expired platforms
- These percentages are not 100 because of the following:**
- Some of these wells were plugged back and producing from another lease.
 - Some were flagged as idle but returned to production.
 - Operator dissolved
 - Operator Bankrupt



- 37 of these plans request future use.
 - All future use plans have been sent to our Production and Development section for review
- A total of 65 letters of acceptance have been prepared for operators that responded excluding future use plans.

Platform Removal Applications

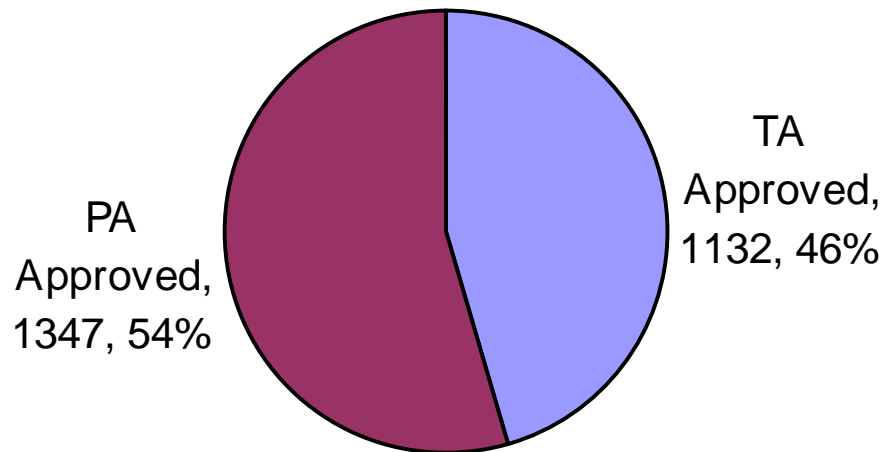


* 325 total platform removal applications approved since the NTL

Well Abandonment Permits



APM Approved Since 11/01/2010

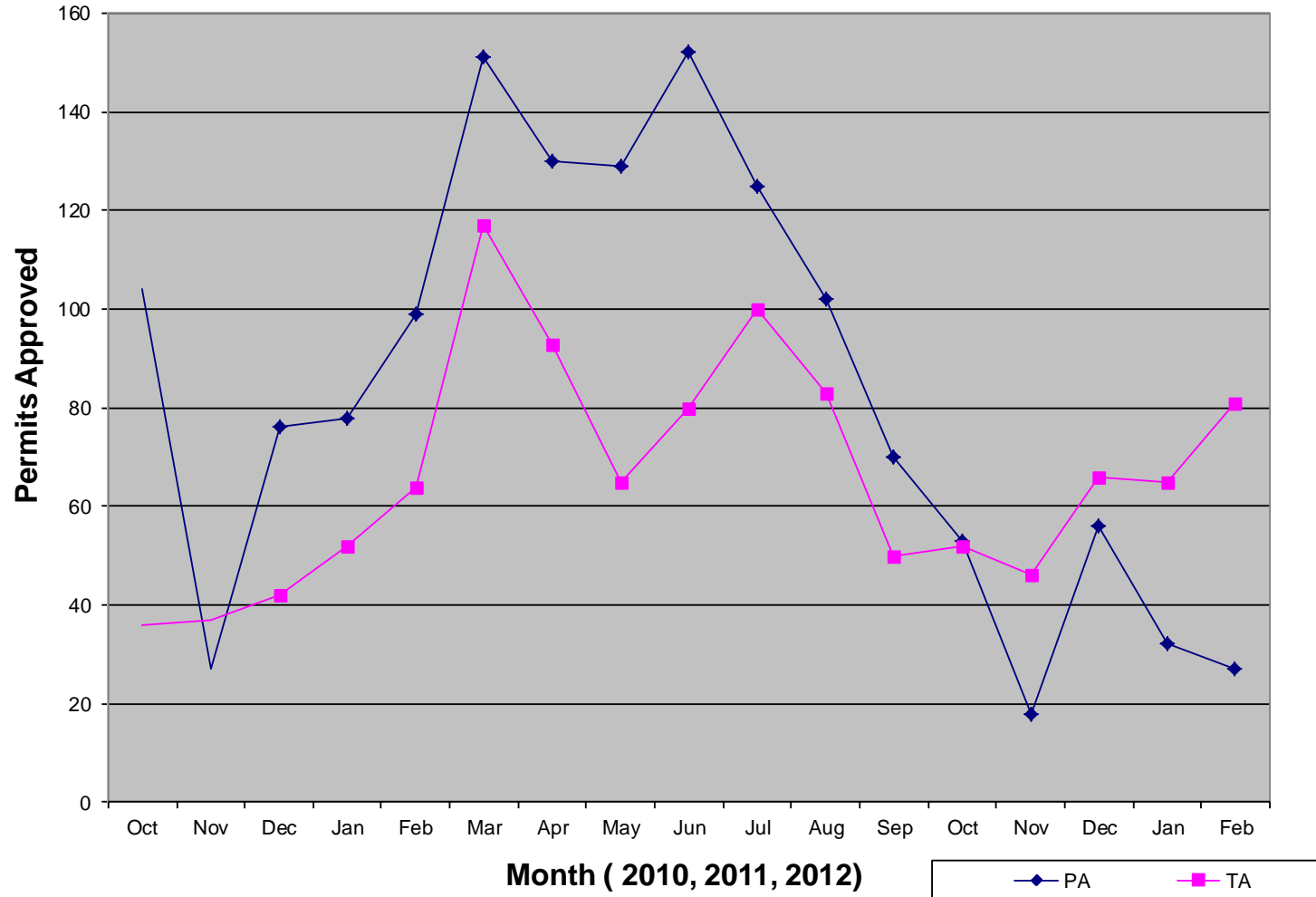


* 2479 total TA/PA permits approved since the NTL

Well Abandonment Permits



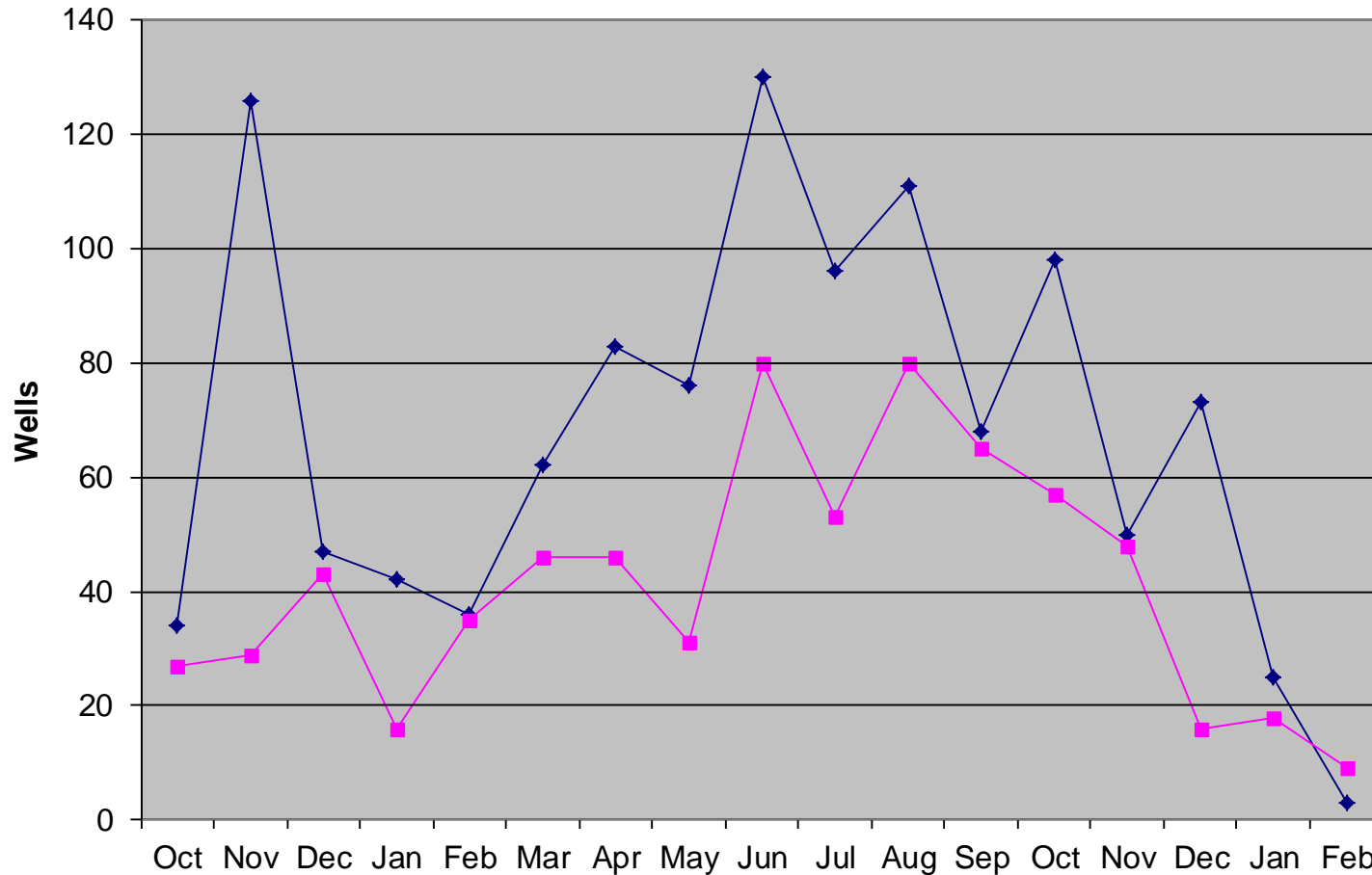
Abandonment APMs Approved



Well Abandonments Completed

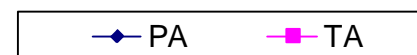


Number of Wells Abandoned



**Total: PA 1160
TA 699**

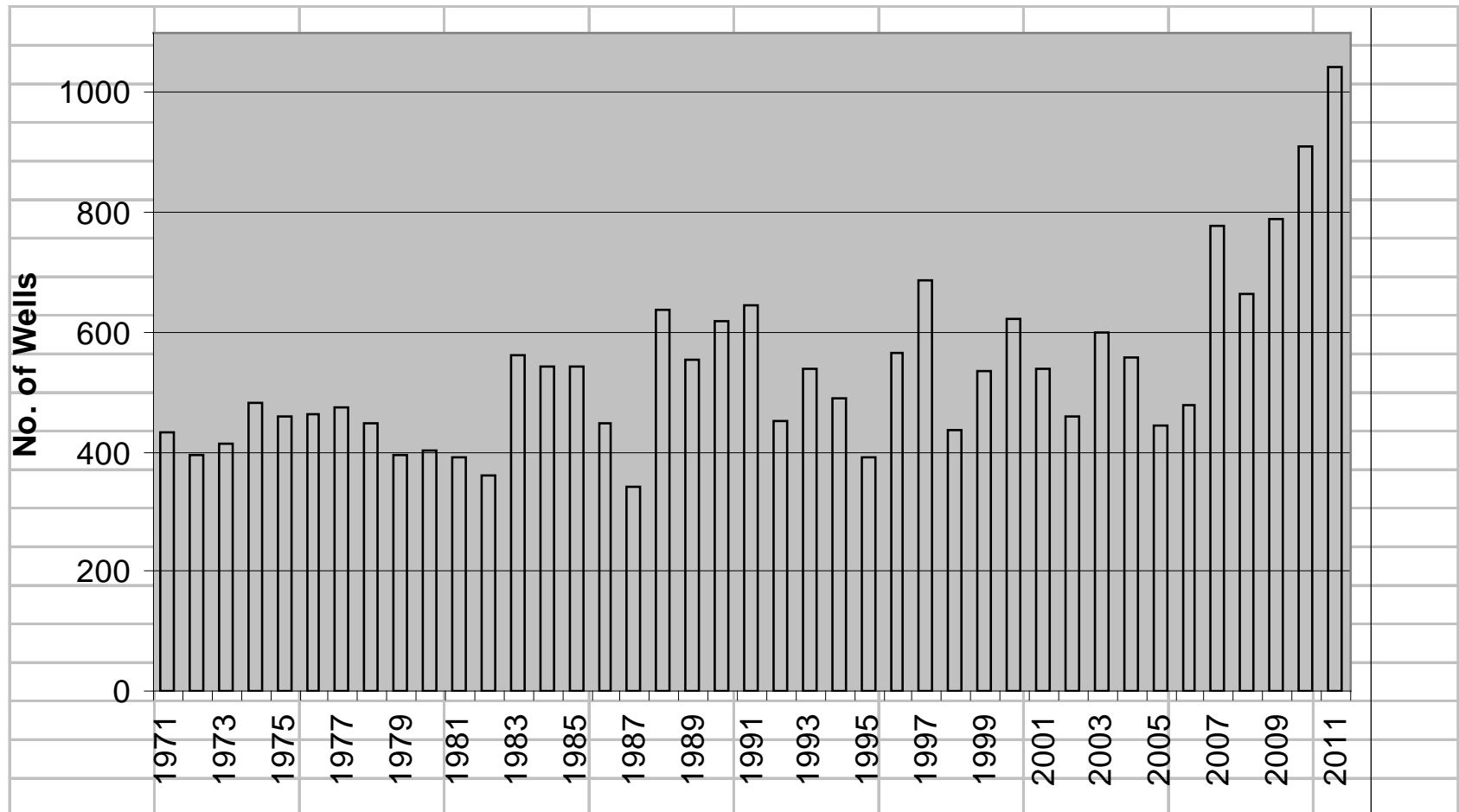
Month (2010, 2011, 2012)



Permanently Abandoned Wells



Total Wells PA'd



Path Forward



- Currently there are 544 idle facilities and 2,312 idle wells that are still in the completed status
- Idle Iron plans have been entered into Access tracking database
- Weekly reviews will be conducted to ensure compliance with activity schedule in abandonment plan
- Updates to plans will be submitted annually or on an as needed basis



Thank you for your attention.