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Title 30—Mineral Resources

(This book contains parts 200 to 699)

Part

CHAPTER II—Bureau of Safety and Environmental Enforcement, Department of the Interior 203

CHAPTER IV—Geological Survey, Department of the Interior 401

CHAPTER V—Bureau of Ocean Energy Management, Department of the Interior 519

CHAPTER II—BUREAU OF SAFETY AND ENVIRONMENTAL ENFORCEMENT, DEPARTMENT OF THE INTERIOR

SUBCHAPTER A—MINERALS REVENUE MANAGEMENT

Part		*Page*
203	Relief or reduction in royalty rates	5
219	[Reserved]	

SUBCHAPTER B—OFFSHORE

250	Oil and gas and sulphur operations in the Outer Continental Shelf	45
251	Geological and geophysical (G&G) explorations of the Outer Continental Shelf	233
252	Outer Continental Shelf (OCS) Oil and Gas Information Program	238
253	[Reserved]	
254	Oil-spill response requirements for facilities located seaward of the coast line	243
256	Leasing of sulphur or oil and gas in the Outer Continental Shelf	256
259–260	[Reserved]	
270	Nondiscrimination in the Outer Continental Shelf	258
280	Prospecting for minerals other than oil, gas, and sulphur on the Outer Continental Shelf	260
281	[Reserved]	
282	Operations in the Outer Continental Shelf for minerals other than oil, gas, and sulphur	261
285	[Reserved]	

SUBCHAPTER C—APPEALS

290	Appeal procedures	272
291	Open and nondiscriminatory access to oil and gas pipelines under the Outer Continental Shelf Lands Act	273

SUBCHAPTER A—MINERALS REVENUE MANAGEMENT

PART 203—RELIEF OR REDUCTION IN ROYALTY RATES

Subpart A—General Provisions

Sec.
203.0 What definitions apply to this part?
203.1 What is BSEE's authority to grant royalty relief?
203.2 How can I obtain royalty relief?
203.3 Do I have to pay a fee to request royalty relief?
203.4 How do the provisions in this part apply to different types of leases and projects?
203.5 What is BSEE's authority to collect information?

Subpart B—OCS Oil, Gas, and Sulfur General

ROYALTY RELIEF FOR DRILLING ULTRA-DEEP WELLS ON LEASES NOT SUBJECT TO DEEP WATER ROYALTY RELIEF

203.30 Which leases are eligible for royalty relief as a result of drilling a phase 2 or phase 3 ultra-deep well?
203.31 If I have a qualified phase 2 or qualified phase 3 ultra-deep well, what royalty relief would that well earn for my lease?
203.32 What other requirements or restrictions apply to royalty relief for a qualified phase 2 or phase 3 ultra-deep well?
203.33 To which production do I apply the RSV earned by qualified phase 2 and phase 3 ultra-deep wells on my lease or in my unit?
203.34 To which production may an RSV earned by qualified phase 2 and phase 3 ultra-deep wells on my lease not be applied?
203.35 What administrative steps must I take to use the RSV earned by a qualified phase 2 or phase 3 ultra-deep well?
203.36 Do I keep royalty relief if prices rise significantly?

Royalty Relief for Drilling Deep Gas Wells on Leases Not Subject to Deep Water Royalty Relief

203.40 Which leases are eligible for royalty relief as a result of drilling a deep well or a phase 1 ultra-deep well?
203.41 If I have a qualified deep well or a qualified phase 1 ultra-deep well, what royalty relief would my lease earn?
203.42 What conditions and limitations apply to royalty relief for deep wells and phase 1 ultra-deep wells?
203.43 To which production do I apply the RSV earned from qualified deep wells or qualified phase 1 ultra-deep wells on my lease?
203.44 What administrative steps must I take to use the royalty suspension volume?
203.45 If I drill a certified unsuccessful well, what royalty relief will my lease earn?
203.46 To which production do I apply the royalty suspension supplements from drilling one or two certified unsuccessful wells on my lease?
203.47 What administrative steps do I take to obtain and use the royalty suspension supplement?
203.48 Do I keep royalty relief if prices rise significantly?
203.49 May I substitute the deep gas drilling provisions in this part for the deep gas royalty relief provided in my lease terms?

Royalty Relief for End-of-Life Leases

203.50 Who may apply for end-of-life royalty relief?
203.51 How do I apply for end-of-life royalty relief?
203.52 What criteria must I meet to get relief?
203.53 What relief will BSEE grant?
203.54 How does my relief arrangement for an oil and gas lease operate if prices rise sharply?
203.55 Under what conditions can my end-of-life royalty relief arrangement for an oil and gas lease be ended?
203.56 Does relief transfer when a lease is assigned?

Royalty Relief for Pre-Act Deep Water Leases and for Development and Expansion Projects

203.60 Who may apply for royalty relief on a case-by-case basis in deep water in the Gulf of Mexico or offshore of Alaska?
203.61 How do I assess my chances for getting relief?
203.62 How do I apply for relief?
203.63 Does my application have to include all leases in the field?
203.64 How many applications may I file on a field or a development project?
203.65 How long will BSEE take to evaluate my application?
203.66 What happens if BSEE does not act in the time allowed?
203.67 What economic criteria must I meet to get royalty relief on an authorized field or project?
203.68 What pre-application costs will BSEE consider in determining economic viability?
203.69 If my application is approved, what royalty relief will I receive?
203.70 What information must I provide after BSEE approves relief?

203.71 How does BSEE allocate a field's suspension volume between my lease and other leases on my field?
203.72 Can my lease receive more than one suspension volume?
203.73 How do suspension volumes apply to natural gas?
203.74 When will BSEE reconsider its determination?
203.75 What risk do I run if I request a redetermination?
203.76 When might BSEE withdraw or reduce the approved size of my relief?
203.77 May I voluntarily give up relief if conditions change?
203.78 Do I keep relief approved by BSEE under this part for my lease, unit or project if prices rise significantly?
203.79 How do I appeal BSEE's decisions related to royalty relief for a deepwater lease or a development or expansion project?
203.80 When can I get royalty relief if I am not eligible for royalty relief under other sections in the subpart?

REQUIRED REPORTS

203.81 What supplemental reports do royalty-relief applications require?
203.82 What is BSEE's authority to collect this information?
203.83 What is in an administrative information report?
203.84 What is in a net revenue and relief justification report?
203.85 What is in an economic viability and relief justification report?
203.86 What is in a G&G report?
203.87 What is in an engineering report?
203.88 What is in a production report?
203.89 What is in a cost report?
203.90 What is in a fabricator's confirmation report?
203.91 What is in a post-production development report?

Subpart C—Federal and Indian Oil [Reserved]

Subpart D—Federal and Indian Gas [Reserved]

Subpart E—Solid Minerals, General [Reserved]

Subpart F [Reserved]

Subpart G—Other Solid Minerals [Reserved]

Subpart H—Geothermal Resources [Reserved]

Subpart I—OCS Sulfur [Reserved]

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Subpart A—General Provisions

§ 203.0 What definitions apply to this part?

Authorized field means a field:

(1) Located in a water depth of at least 200 meters and in the Gulf of Mexico (GOM) west of 87 degrees, 30 minutes West longitude;

(2) That includes one or more pre-Act leases; and

(3) From which no current pre-Act lease produced, other than test production, before November 28, 1995.

Certified unsuccessful well means an original well or a sidetrack with a sidetrack measured depth (*i.e.*, length) of at least 10,000 feet, on your lease that:

(1) You begin drilling on or after March 26, 2003, and before May 3, 2009, on a lease that is located in water partly or entirely less than 200 meters deep and that is not a non-converted lease, or on or after May 18, 2007, and before May 3, 2013, on a lease that is located in water entirely more than 200 meters and entirely less than 400 meters deep;

(2) You begin drilling before your lease produces gas or oil from a well with a perforated interval the top of which is at least 18,000 feet true vertical depth subsea (TVD SS), (*i.e.*, below the datum at mean sea level);

(3) You drill to at least 18,000 feet TVD SS with a target reservoir on your lease, identified from seismic and related data, deeper than that depth;

(4) Fails to meet the producibility requirements of 30 CFR part 550, subpart A, and does not produce gas or oil, or meets those producibility requirements and Bureau of Ocean Energy Management (BOEM) agrees it is not commercially producible; and

(5) For which you have provided the notices and information required under § 203.47.

Complete application means an original and two copies of the six reports consisting of the data specified in §§ 203.81, 203.83, and 203.85 through

203.89, along with one set of digital information, which Bureau of Safety and Environmental Enforcement (BSEE) has reviewed and found complete.

Deep well means either an original well or a sidetrack with a perforated interval the top of which is at least 15,000 feet TVD SS and less than 20,000 feet TVD SS. A deep well subsequently re-perforated at less than 15,000 feet TVD SS in the same reservoir is still a deep well.

Determination means the binding decision by BSEE on whether your field qualifies for relief or how large a royalty-suspension volume must be to make the field economically viable.

Development project means a project to develop one or more oil or gas reservoirs located on one or more contiguous leases that have had no production (other than test production) before the current application for royalty relief and are either:

(1) Located in a planning area offshore Alaska; or

(2) Located in the GOM in a water depth of at least 200 meters and wholly west of 87 degrees, 30 minutes West longitude, and were issued in a sale held after November 28, 2000.

Draft application means the preliminary set of information and assumptions you submit to seek a nonbinding assessment on whether a field could be expected to qualify for royalty relief.

Eligible lease means a lease that:

(1) Is issued as part of an OCS lease sale held after November 28, 1995, and before November 28, 2000;

(2) Is located in the Gulf of Mexico in water depths of 200 meters or deeper;

(3) Lies wholly west of 87 degrees, 30 minutes West longitude; and

(4) Is offered subject to a royalty suspension volume.

Expansion project means a project that meets the following requirements:

(1) You must propose the project in a (BOEM) Development and Production Plan, a BOEM Development Operations Coordination Document (DOCD), or a BOEM Supplement to a DOCD, approved by the Secretary of the Interior after November 28, 1995.

(2) The project must be located on either:

(i) A pre-Act lease in the GOM, or a lease in the GOM issued in a sale held after November 28, 2000, located wholly west of 87 degrees, 30 minutes West longitude; or

(ii) A lease in a planning area offshore Alaska.

(3) On a pre-Act lease in the GOM, the project:

(i) Must significantly increase the ultimate recovery of resources from one or more reservoirs that have not previously produced (extending recovery from reservoirs already in production does not constitute a significant increase); and

(ii) Must involve a substantial capital investment (e.g., fixed-leg platform, subsea template and manifold, tension-leg platform, multiple well project, *etc.*).

(4) For a lease issued in a planning area offshore Alaska, or in the GOM after November 28, 2000, the project must involve a new well drilled into a reservoir that has not previously produced.

(5) On a lease in the GOM, the project must not include a reservoir the production from which an RSV under §§ 203.30 through 203.36 or §§ 203.40 through 203.48 would be applied.

Fabrication (or start of construction) means evidence of an irreversible commitment to a concept and scale of development. Evidence includes copies of a binding contract between you (as applicant) and a fabrication yard, a letter from a fabricator certifying that continuous construction has begun, and a receipt for the customary down payment.

Field means an area consisting of a single reservoir or multiple reservoirs all grouped on, or related to, the same general geological structural feature or stratigraphic trapping condition. Two or more reservoirs may be in a field, separated vertically by intervening impervious strata or laterally by local geologic barriers, or both.

Lease means a lease or unit.

New production means any production from a current pre-Act lease from which no royalties are due on production, other than test production, before November 28, 1995. Also, it means any additional production resulting from new lease-development activities on a lease issued in a sale after November 28, 2000, or a current pre-Act lease

under a BOEM DOCD or a BOEM Supplement approved by the Secretary of the Interior after November 28, 1995.

Nonbinding assessment means an opinion by BSEE of whether your field could qualify for royalty relief. It is based on your draft application and does not entitle the field to relief.

Non-converted lease means a lease located partly or entirely in water less than 200 meters deep issued in a lease sale held after January 1, 2001, and before January 1, 2004, whose original lease terms provided for an RSV for deep gas production and the lessee has not exercised the option under § 203.49 to replace the lease terms for royalty relief with those in § 203.0 and §§ 203.40 through 203.48.

Original well means a well that is drilled without utilizing an existing wellbore. An original well includes all sidetracks drilled from the original wellbore either before the drilling rig moves off the well location or after a temporary rig move that BSEE agrees was forced by a weather or safety threat and drilling resumes within 1 year. A bypass from an original well (e.g., drilling around material blocking the hole or to straighten crooked holes) is part of the original well.

Participating area means that part of the unit area that BSEE determines is reasonably proven by drilling and completion of producible wells, geological and geophysical information, and engineering data to be capable of producing hydrocarbons in paying quantities.

Performance conditions mean minimum conditions you must meet, after we have granted relief and before production begins, to remain qualified for that relief. If you do not meet each one of these performance conditions, we consider it a change in material fact significant enough to invalidate our original evaluation and approval.

Phase 1 ultra-deep well means an ultra-deep well on a lease that is located in water partly or entirely less than 200 meters deep for which drilling began before May 18, 2007, and that begins production before May 3, 2009, or that meets the requirements to be a certified unsuccessful well.

Phase 2 ultra-deep well means an ultra-deep well for which drilling began on or after May 18, 2007; and that either meets the requirements to be a certified unsuccessful well or that begins production:

(1) Before the date which is 5 years after the lease issuance date on a non-converted lease; or

(2) Before May 3, 2009, on all other leases located in water partly or entirely less than 200 meters deep; or

(3) Before May 3, 2013, on a lease that is located in water entirely more than 200 meters and entirely less than 400 meters deep.

Phase 3 ultra-deep well means an ultra-deep well for which drilling began on or after May 18, 2007, and that begins production:

(1) On or after the date which is 5 years after the lease issuance date on a non-converted lease; or

(2) On or after May 3, 2009, on all other leases located in water partly or entirely less than 200 meters deep; or

(3) On or after May 3, 2013, on a lease that is located in water entirely more than 200 meters and entirely less than 400 meters deep.

Pre-Act lease means a lease that:

(1) Results from a sale held before November 28, 1995;

(2) Is located in the GOM in water depths of 200 meters or deeper; and

(3) Lies wholly west of 87 degrees, 30 minutes West longitude.

Production means all oil, gas, and other relevant products you save, remove, or sell from a tract or those quantities allocated to your tract under a unitization formula, as measured for the purposes of determining the amount of royalty payable to the United States.

Project means any activity that requires at least a permit to drill.

Qualified deep well means:

(1) On a lease that is located in water partly or entirely less than 200 meters deep that is not a non-converted lease, a deep well for which drilling began on or after March 26, 2003, that produces natural gas (other than test production), including gas associated with oil production, before May 3, 2009, and for which you have met the requirements prescribed in § 203.44;

(2) On a non-converted lease, a deep well that produces natural gas (other than test production) before the date which is 5 years after the lease

issuance date from a reservoir that has not produced from a deep well on any lease; or

(3) On a lease that is located in water entirely more than 200 meters but entirely less than 400 meters deep, a deep well for which drilling began on or after May 18, 2007, that produces natural gas (other than test production), including gas associated with oil production before May 3, 2013, and for which you have met the requirements prescribed in § 203.44.

Qualified ultra-deep well means:

(1) On a lease that is located in water partly or entirely less than 200 meters deep that is not a non-converted lease, an ultra-deep well for which drilling began on or after March 26, 2003, that produces natural gas (other than test production), including gas associated with oil production, and for which you have met the requirements prescribed in § 203.35 or § 203.44, as applicable; or

(2) On a lease that is located in water entirely more than 200 meters and entirely less than 400 meters deep, or on a non-converted lease, an ultra-deep well for which drilling began on or after May 18, 2007, that produces natural gas (other than test production), including gas associated with oil production, and for which you have met the requirements prescribed in § 203.35.

Qualified well means either a qualified deep well or a qualified ultra-deep well.

Redetermination means our reconsideration of our determination on royalty relief because you request it after:

(1) We have rejected your application;

(2) We have granted relief but you want a larger suspension volume;

(3) We withdraw approval; or

(4) You renounce royalty relief.

Renounce means action you take to give up relief after we have granted it and before you start production.

Reservoir means an underground accumulation of oil or natural gas, or both, characterized by a single pressure system and segregated from other such accumulations.

Royalty suspension (RS) lease means a lease that:

(1) Is issued as part of an OCS lease sale held after November 28, 2000;

(2) Is in locations or planning areas specified in a particular Notice of OCS Lease Sale offering that lease; and

(3) Is offered subject to a royalty suspension specified in a Notice of OCS Lease Sale published in the FEDERAL REGISTER.

Royalty suspension supplement (RSS) means a royalty suspension volume resulting from drilling a certified unsuccessful well that is applied to future natural gas and oil production generated at any drilling depth on, or allocated under a BSEE-approved unit agreement to, the same lease.

Royalty suspension volume (RSV) means a volume of production from a lease that is not subject to royalty under the provisions of this part.

Sidetrack means, for the purpose of this subpart, a well resulting from drilling an additional hole to a new objective bottom-hole location by leaving a previously drilled hole. A sidetrack also includes drilling a well from a platform slot reclaimed from a previously drilled well or re-entering and deepening a previously drilled well. A bypass from a sidetrack (e.g., drilling around material blocking the hole, or to straighten crooked holes) is part of the sidetrack.

Sidetrack measured depth means the actual distance or length in feet a sidetrack is drilled beginning where it exits a previously drilled hole to the bottom hole of the sidetrack, that is, to its total depth.

Sunk costs for an authorized field means the after-tax eligible costs that you (not third parties) incur for exploration, development, and production from the spud date of the first discovery on the field to the date we receive your complete application for royalty relief. The discovery well must be qualified as producible under 30 CFR part 550, subpart A. Sunk costs include the rig mobilization and material costs for the discovery well that you incurred before its spud date.

Sunk costs for an expansion or development project means the after-tax eligible costs that you (not third parties) incur for only the first well that encounters hydrocarbons in the reservoir(s) included in the application

and that meets the producibility requirements under 30 CFR part 550, subpart A on each lease participating in the application. Sunk costs include rig mobilization and material costs for the discovery wells that you incurred before their spud dates.

Ultra-deep well means either an original well or a sidetrack completed with a perforated interval the top of which is at least 20,000 feet TVD SS. An ultra-deep well subsequently re-perforated less than 20,000 feet TVD SS in the same reservoir is still an ultra-deep well.

Withdraw means action we take on a field that has qualified for relief if you have not met one or more of the performance conditions.

§ 203.1 What is BSEE's authority to grant royalty relief?

The Outer Continental Shelf (OCS) Lands Act, 43 U.S.C. 1337, as amended by the OCS Deep Water Royalty Relief Act (DWRRA), Public Law 104–58 and the Energy Policy Act of 2005, Public Law 109–058 authorizes us to grant royalty relief in four situations.

(a) Under 43 U.S.C. 1337(a)(3)(A), we may reduce or eliminate any royalty or a net profit share specified for an OCS lease to promote increased production.

(b) Under 43 U.S.C. 1337(a)(3)(B), we may reduce, modify, or eliminate any royalty or net profit share to promote development, increase production, or encourage production of marginal resources on certain leases or categories of leases. This authority is restricted to leases in the GOM that are west of 87 degrees, 30 minutes West longitude, and in the planning areas offshore Alaska.

(c) Under 43 U.S.C. 1337(a)(3)(C), we may suspend royalties for designated volumes of new production from any lease if:

(1) Your lease is in deep water (water at least 200 meters deep);

(2) Your lease is in designated areas of the GOM (west of 87 degrees, 30 minutes West longitude);

(3) Your lease was acquired in a lease sale held before the DWRRA (before November 28, 1995);

(4) We find that your new production would not be economic without royalty relief; and

(5) Your lease is on a field that did not produce before enactment of the DWRRA, or if you propose a project to significantly expand production under a Development Operations Coordination Document (DOCD) or a supplementary DOCD, that the Bureau of Ocean Energy Management (BOEM) approved after November 28, 1995.

(d) Under 42 U.S.C. 15904–15905, we may suspend royalties for designated volumes of gas production from deep and ultra-deep wells on a lease if:

(1) Your lease is in shallow water (water less than 400 meters deep) and you produce from an ultra-deep well (top of the perforated interval is at least 20,000 feet TVD SS) or your lease is in waters entirely more than 200 meters and entirely less than 400 meters deep and you produce from a deep well (top of the perforated interval is at least 15,000 feet TVD SS);

(2) Your lease is in the designated area of the GOM (wholly west of 87 degrees, 30 minutes west longitude); and

(3) Your lease is not eligible for deep water royalty relief.

§ 203.2 How can I obtain royalty relief?

We may reduce or suspend royalties for Outer Continental Shelf (OCS) leases or projects that meet the criteria in the following table.

If you have a lease . . .	And if you . . .	Then we may grant you . . .
(a) With earnings that cannot sustain production (*i.e., End-of-life lease*),	Would abandon otherwise potentially recoverable resources but seek to increase production by operating beyond the point at which the lease is economic under the existing royalty rate,	A reduced royalty rate on current monthly production and a higher royalty rate on additional monthly production (see §§ 203.50 through 203.56).
(b) Located in a designated GOM deep water area (*i.e.,* 200 meters or greater) and acquired in a lease sale held before November 28, 1995, or after November 28, 2000,	Propose an expansion project and can demonstrate your project is uneconomic without royalty relief,	A royalty suspension for a minimum production volume plus any additional production large enough to make the project economic (see §§ 203.60 through 203.79).

If you have a lease . . .	And if you . . .	Then we may grant you . . .
(c) Located in a designated GOM deep water area and acquired in a lease sale held before November 28, 1995 *(Pre-Act lease),*	Are on a field from which no current pre-Act lease produced (other than test production) before November 28, 1995, *(Authorized field,)*	A royalty suspension for a minimum production volume plus any additional volume needed to make the field economic (see §§ 203.60 through 203.79).
(d) Located in a designated GOM deep water area and acquired in a lease sale held after November 28, 2000,	Propose a development project and can demonstrate that the suspension volume, if any, for your lease is not enough to make development economic,	A royalty suspension for a minimum production volume plus any additional volume needed to make your project economic (see §§ 203.60 through 203.79).
(e) Where royalty relief would recover significant additional resources or, offshore Alaska or in certain areas of the GOM, would enable development,	Are not eligible to apply for end-of-life or deep water royalty relief, but show us you meet certain eligibility conditions,	A royalty modification in size, duration, or form that makes your lease or project economic (see § 203.80).
(f) Located in a designated GOM shallow water area and acquired in a lease sale held before January 1, 2001, or after January 1, 2004, or have exercised an option to substitute for royalty relief in your lease terms,	Drill a deep well on a lease that is not eligible for deep water royalty relief and you have not previously produced oil or gas from a deep well or an ultra-deep well,	A royalty suspension for a volume of gas produced from successful deep and ultra-deep wells, or, for certain unsuccessful deep and ultra-deep wells, a smaller royalty suspension for a volume of gas or oil produced by all wells on your lease (see §§ 203.40 through 203.49).
(g) Located in a designated GOM shallow water area,	Drill and produce gas from an ultra-deep well on a lease that is not eligible for deep water royalty relief and you have not previously produced oil or gas from an ultra-deep well,	A royalty suspension for a volume of gas produced from successful ultra-deep and deep wells on your lease (see §§ .203.30 through 203.36).
(h) Located in planning areas offshore Alaska,	Propose an expansion project or propose a development project and can demonstrate that the project is uneconomic without relief or that the suspension volume, if any, for your lease is not enough to make development economic,	A royalty suspension for a minimum production volume plus any additional volume needed to make your project economic (see §§ 203.60, 203.62, 203.67 through 203.70, 203.73, and 203.76 through 203.79).

§ 203.3 Do I have to pay a fee to request royalty relief?

When you submit an application or ask for a preview assessment, you must include a fee to reimburse us for our costs of processing your application or assessment. Federal policy and law require us to recover the cost of services that confer special benefits to identifiable non-Federal recipients. The Independent Offices Appropriation Act (31 U.S.C. 9701), Office of Management and Budget Circular A–25, and the Omnibus Appropriations Bill (Pub. L. 104–134, 110 Stat. 1321, April 26, 1996) authorize us to collect these fees.

(a) We will specify the necessary fees for each of the types of royalty relief applications and possible BSEE audits in a Notice to Lessees. We will periodically update the fees to reflect changes in costs, as well as provide other information necessary to administer royalty relief.

(b) You must file all payments electronically through the *Pay.gov* Web site and you must include a copy of the *Pay.gov* confirmation receipt page with your application or assessment. The *Pay.gov* Web site may be accessed through a link on the BSEE Offshore Web site at: *http://www.bsee.gov/offshore/* homepage or directly through *Pay.gov* at: *https://www.pay.gov/paygov/*.

§ 203.4 How do the provisions in this part apply to different types of leases and projects?

The tables in this section summarize the similar application and approval provisions for the discretionary end-of-life and deep water royalty relief programs in §§ 203.50 to 203.91. Because royalty relief for deep gas on leases not subject to deep water royalty relief, as provided for under §§ 203.40 to 203.48, does not involve an application, its provisions do not parallel the other two royalty relief programs and are not summarized in this section.

(a) We require the information elements indicated by an X in the following table and described in §§ 203.51, 203.62, and 203.81 through 203.89 for applications for royalty relief.

Information elements	End-of-life lease	Deep water		
		Expansion project	Pre-act lease	Development project
(1) Administrative information report	X	X	X	X
(2) Net revenue and relief justification report (prescribed format)	X	.....	.....	
(3) Economic viability and relief justification report (Royalty Suspension Viability Program (RSVP) model inputs justified with Geological and Geophysical (G&G), Engineering, Production, & Cost reports)	.....	X	X	X
(4) G&G report	.....	X	X	X
(5) Engineering report	.....	X	X	X
(6) Production report	.....	X	X	X
(7) Deep water cost report	.....	X	X	X

(b) We require the confirmation elements indicated by an X in the following table and described in §§ 203.70, 203.81, 203.90 and 203.91 to retain royalty relief.

Confirmation elements	End-of-life lease	Deep water		
		Expansion project	Pre-act lease	Development project
(1) Fabricator's confirmation report	.....	X	X	X
(2) Post-production development report approved by an independent certified public accountant (CPA) * * *	.....	X	X	X

(c) The following table indicates by an X, and §§ 203.50, 203.52, 203.60 and 203.67 describe, the prerequisites for our approval of your royalty relief application.

Approval conditions	End-of-life lease	Deep water		
		Expansion	Pre-act lease	Development project
(1) At least 12 of the last 15 months have the required level of production	X	.....	.....	
(2) Already producing	X	.....	.....	
(3) A producible well into a reservoir that has not produced before	.....	X	X	X
(4) Royalties for qualifying months exceed 75 percent of net revenue (NR)	X	.....	.....	
(5) Substantial investment on a pre-Act lease (e.g., platform, subsea template)	.....	.....	.....	
(6) Determined to be economic only with relief	.....	X	X	X

(d) The following table indicates by an X, and §§ 203.52, 203.74, and 203.75 describe, the prerequisites for a redetermination of our royalty relief decision.

Redetermination conditions	End-of-life lease	Deep water		
		Expansion project	Pre-act lease	Development project
(1) After 12 months under current rate, criteria same as for approval	X	.....	.....	
(2) For material change in geologic data, prices, costs, or available technology	.....	X	X	X

(e) The following table indicates by an X, and §§ 203.53 and 203.69 describe, the characteristics of approved royalty relief.

Relief rate and volume, subject to certain conditions	End-of-life lease	Deep water		
		Expansion project	Pre-act lease	Development project
(1) One-half pre-application effective lease rate on the qualifying amount, 1.5 times pre-application effective lease rate on additional production up to twice the qualifying amount, and the pre-application effective lease rate for any larger volumes	X			
(2) Qualifying amount is the average monthly production for 12 qualifying months	X			
(3) Zero royalty rate on the suspension volume and the original lease rate on additional production		X	X	X
(4) Suspension volume is at least 17.5, 52.5 or 87.5 million barrels of oil equivalent (MMBOE)			X	
(5) Suspension volume is at least the minimum set in the Notice of Sale, the lease, or the regulations		X		X
(6) Amount needed to become economic		X	X	X

(f) The following table indicates by an X, and §§ 203.54 and 203.78 describe, circumstances under which we discontinue your royalty relief.

Full royalty resumes when	End-of-life lease	Deep water		
		Expansion project	Pre-act lease	Development project
(1) Average NYMEX price for last 12 months is at least 25 percent above the average for the qualifying months.	X			
(2) Average NYMEX price for last calendar year exceeds $28/bbl or $3.50/mcf, escalated by the gross domestic product (GDP) deflator since 1994		X	X	
(3) Average prices for designated periods exceed levels we specify in the Notice of Sale or the lease		X		X

(g) The following table indicates by an X, and §§ 203.55, 203.76, and 203.77 describe, circumstances under which we end or reduce royalty relief.

Relief withdrawn or reduced	End-of-life lease	Deep water		
		Expansion project	Pre-act lease	Development project
(1) If recipient requests	X	X	X	X
(2) Lease royalty rate is at the effective rate for 12 consecutive months	X			
(3) Conditions occur that we specified in the approval letter in individual cases	X			
(4) Recipient does not submit post-production report that compares expected to actual costs		X	X	X
(5) Recipient changes development system		X	X	X
(6) Recipient excessively delays starting fabrication		X	X	X
(7) Recipient spends less than 80 percent of proposed pre-production costs prior to start of production		X	X	X
(8) Amount of relief volume is produced		X	X	X

§ 203.5 What is BSEE's authority to collect information?

(a) The Office of Management and Budget (OMB) has approved the information collection requirements in this part under 44 U.S.C. 3501 *et seq.*, and assigned OMB Control Number 1010–0071. The title of this information collection is ''30 CFR part 203, Relief or Reduction in Royalty Rates.''

(b) BSEE collects this information to make decisions on the economic viability of leases requesting a suspension or elimination of royalty or net profit share. Responses are required to obtain a benefit or are mandatory according to 43 U.S.C. 1331 *et seq*. BSEE will protect information considered proprietary under applicable law and under regulations at § 203.61, ''How do I assess

my chances for getting relief?'' and 30 CFR 250.197, ''Data and information to be made available to the public or for limited inspection.''

(c) An agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a currently valid OMB control number.

(d) Send comments regarding any aspect of the collection of information under this part, including suggestions for reducing the burden, to the Information Collection Clearance Officer, Bureau of Safety and Environmental Enforcement, 381 Elden Street, Herndon, VA 20170.

Subpart B—OCS Oil, Gas, and Sulfur General

ROYALTY RELIEF FOR DRILLING ULTRA-DEEP WELLS ON LEASES NOT SUBJECT TO DEEP WATER ROYALTY RELIEF

§ 203.30 Which leases are eligible for royalty relief as a result of drilling a phase 2 or phase 3 ultra-deep well?

Your lease may receive a royalty suspension volume (RSV) under §§ 203.31 through 203.36 if the lease meets all the requirements of this section.

(a) The lease is located in the GOM wholly west of 87 degrees, 30 minutes West longitude in water depths entirely less than 400 meters deep.

(b) The lease has not produced gas or oil from a deep well or an ultra-deep well, except as provided in § 203.31(b).

(c) If the lease is located entirely in more than 200 meters and entirely less than 400 meters of water, it must either:

(1) Have been issued before November 28, 1995, and not been granted deep water royalty relief under 43 U.S.C. 1337(a)(3)(C), added by section 302 of the Deep Water Royalty Relief Act; or

(2) Have been issued after November 28, 2000, and not been granted deep water royalty relief under §§ 203.60 through 203.79.

§ 203.31 If I have a qualified phase 2 or qualified phase 3 ultra-deep well, what royalty relief would that well earn for my lease?

(a) Subject to the administrative requirements of § 203.35 and the price conditions in § 203.36, your qualified well earns your lease an RSV shown in the following table in billions of cubic feet (BCF) or in thousands of cubic feet (MCF) as prescribed in § 203.33:

If you have a qualified phase 2 or qualified phase 3 ultra-deep well that is:	Then your lease earns an RSV on this volume of gas production:
(1) An original well,	35 BCF.
(2) A sidetrack with a sidetrack measured depth of at least 20,000 feet,	35 BCF.
(3) An ultra-deep short sidetrack that is a phase 2 ultra-deep well,	4 BCF plus 600 MCF times sidetrack measured depth (rounded to the nearest 100 feet) but no more than 25 BCF.
(4) An ultra-deep short sidetrack that is a phase 3 ultra-deep well,	0 BCF.

(b)(1) This paragraph applies if your lease:

(i) Has produced gas or oil from a deep well with a perforated interval the top of which is less than 18,000 feet TVD SS;

(ii) Was issued in a lease sale held between January 1, 2004, and December 31, 2005; and

(iii) The terms of your lease expressly incorporate the provisions of §§ 203.41 through 203.47 as they existed at the time the lease was issued.

(2) Subject to the administrative requirements of § 203.35 and the price conditions in § 203.36, your qualified well earns your lease an RSV shown in the following table in BCF or MCF as prescribed in § 203.33:

If you have a qualified phase 2 ultra-deep well that is . . .	Then your lease earns an RSV on this volume of gas production:
(i) An original well or a sidetrack with a sidetrack measured depth of at least 20,000 feet TVD SS,	10 BCF.
(ii) An ultra-deep short sidetrack,	4 BCF plus 600 MCF times sidetrack measured depth (rounded to the nearest 100 feet) but no more than 10 BCF.

(c) Lessees may request a refund of or recoup royalties paid on production from qualified phase 2 or phase 3 ultra-deep wells that:

(1) Occurs before December 18, 2008, and

(2) Is subject to application of an RSV under either § 203.31 or § 203.41.

(d) The following examples illustrate how this section applies. These examples assume that your lease is located in the GOM west of 87 degrees, 30 minutes West longitude and in water less than 400 meters deep (see § 203.30(a)), has no existing deep or ultra-deep wells and that the price thresholds prescribed in § 203.36 have not been exceeded.

Example 1: In 2008, you drill and begin producing from an ultra-deep well with a perforated interval the top of which is 25,000 feet TVD SS, and your lease has had no prior production from a deep or ultra-deep well. Assuming your lease has no deepwater royalty relief (see § 203.30(c)), your lease is eligible (according to § 203.30(b)) to earn an RSV under § 203.31 because it has not yet produced from a deep well. Your lease earns an RSV of 35 BCF under this section when this well begins producing. According to § 203.31(a), your 25,000 foot well qualifies your lease for this RSV because the well was drilled after the relief authorized here became effective (when the proposed version of this rule was published on May 18, 2007) and produced from an interval that meets the criteria for an ultra-deep well (*i.e.*, is a phase 2 ultra-deep well as defined in § 203.0). Then in 2014, you drill and produce from another ultra-deep well with a perforated interval the top of which is 29,000 feet TVD SS. Your lease earns no additional RSV under this section when this second ultra-deep well produces, because your lease no longer meets the condition in (§ 203.30(b)) of no production from a deep well. However, any remaining RSV earned by the first ultra-deep well on your lease would be applied to production from both the first and the second ultra-deep wells as prescribed in § 203.33(a)(2), or § 203.33(b)(2) if your lease is part of a unit.

Example 2: In 2005, you spudded and began producing from an ultra-deep well with a perforated interval the top of which is 23,000 feet TVD SS. Your lease earns no RSV under this section from this phase 1 ultra-deep well (as defined in § 203.0) because you spudded the well before the publication date (May 18, 2007) of the proposed rule when royalty relief under § 203.31(a) became effective. However, this ultra-deep well may earn an RSV of 25 BCF for your lease under § 203.41 (that became effective May 3, 2004), if the lease is located in water depths partly or entirely less than 200 meters and has not previously produced from a deep well (§ 203.30(b)).

Example 3: In 2000, you began producing from a deep well with a perforated interval the top of which is 16,000 feet TVD SS and your lease is located in water 100 meters deep. Then in 2008, you drill and produce from a new ultra-deep well with a perforated interval the top of which is 24,000 feet TVD SS. Your lease earns no RSV under either this section or § 203.41 because the 16,000-foot well was drilled before we offered any way to earn an RSV for producing from a deep well (see dates in the definition of qualified well in § 203.0) and because the existence of the 16,000-foot well means the lease is not eligible (see § 203.30(b)) to earn an RSV for the 24,000-foot well. Because the lease existed in the year 2000, it cannot be eligible for the exception to this eligibility condition provided in § 203.31(b).

Example 4: In 2008, you spud and produce from an ultra-deep well with a perforated interval the top of which is 22,000 feet TVD SS, your lease is located in water 300 meters deep, and your lease has had no previous production from a deep or ultra-deep well. Your lease earns an RSV of 35 BCF under this section when this well begins producing because your lease meets the conditions in § 203.30 and the well fits the definition of a phase 2 ultra-deep well (in § 203.0). Then in 2010, you spud and produce from a deep well with a perforated interval the top of which is 16,000 feet TVD SS. Your 16,000-foot well earns no RSV because it is on a lease that already has a producing well at least 18,000 feet subsea (see § 203.42(a)), but any remaining RSV earned by the ultra-deep well would also be applied to production from the deep well as prescribed in § 203.33(a)(2), or § 203.33(b)(2) if your lease is part of a unit and § 203.43(a)(2), or § 203.43(b)(2) if your lease is part of a unit. However, if the 16,000-foot deep well does not begin production until 2016 (or if your lease were located in water less than 200 meters deep), then the 16,000-foot well would not be a qualified deep well because this well does not begin production within the interval

specified in the definition of a qualified well in § 203.0, and the RSV earned by the ultra-deep well would not be applied to production from this (unqualified) deep well.

Example 5: In 2008, you spud a deep well with a perforated interval the top of which is 17,000 feet TVD SS that becomes a qualified well and earns an RSV of 15 BCF under § 203.41 when it begins producing. Then in 2011, you spud an ultra-deep well with a perforated interval the top of which is 26,000 feet TVD SS. Your 26,000-foot well becomes a qualified ultra-deep well because it meets the date and depth conditions in this definition under § 203.0 when it begins producing, but your lease earns no additional RSV under this section or § 203.41 because it is on a lease that already has production from a deep well (see § 203.30(b)). Both the qualified deep well and the qualified ultra-deep well would share your lease's total RSV of 15 BCF in the manner prescribed in §§ 203.33 and 203.43.

Example 6: In 2008, you spud a qualified ultra-deep well that is a sidetrack with a sidetrack measured depth of 21,000 feet and a perforated interval the top of which is 25,000 feet TVD SS. This well meets the definition of an ultra-deep well but is too long to be classified an ultra-deep short sidetrack in § 203.0. If your lease is located in 150 meters of water and has not previously produced from a deep well, your lease earns an RSV of 35 BCF because it was drilled after the effective date for earning this RSV. Further, this RSV applies to gas production from this and any future qualified deep and qualified ultra-deep wells on your lease, as prescribed in § 203.33. The absence of an expiration date for earning an RSV on an ultra-deep well means this long sidetrack well becomes a qualified well whenever it starts production. If your sidetrack has a sidetrack measured depth of 14,000 feet and begins production in March 2009, it earns an RSV of 12.4 BCF under this section because it meets the definitions of a phase 2 ultra-deep well (production begins before the expiration date for the pre-existing relief in its water depth category) and an ultra-deep short sidetrack in § 203.0. However, if it does not begin production until 2010, it earns no RSV because it is too short as a phase 3 ultra-deep well to be a qualified ultra-deep well.

Example 7: Your lease was issued in June 2004 and expressly incorporates the provisions of §§ 203.41 through 203.47 as they existed at that time. In January 2005, you spud a deep well (well no. 1) with a perforated interval the top of which is 16,800 feet TVD SS that becomes a qualified well and earns an RSV of 15 BCF under § 203.41 when it begins producing. Then in February 2008, you spud an ultra-deep well (well no. 2) with a perforated interval the top of which is 22,300 feet that begins producing in November 2008, after well no. 1 has started production. Well no. 2 earns your lease an additional RSV of 10 BCF under paragraph (b) of this section because it begins production in time to be classified as a phase 2 ultra-deep well. If, on the other hand, well no. 2 had begun producing in June 2009, it would earn no additional RSV for the lease because it would be classified as a phase 3 ultra-deep well and thus is not entitled to the exception under paragraph (b) of this section.

§ 203.32 What other requirements or restrictions apply to royalty relief for a qualified phase 2 or phase 3 ultra-deep well?

(a) If a qualified ultra-deep well on your lease is within a unitized portion of your lease, the RSV earned by that well under this section applies only to your lease and not to other leases within the unit or to the unit as a whole.

(b) If your qualified ultra-deep well is a directional well (either an original well or a sidetrack) drilled across a lease line, then either:

(1) The lease with the perforated interval that initially produces earns the RSV or

(2) If the perforated interval crosses a lease line, the lease where the surface of the well is located earns the RSV.

(c) Any RSV earned under § 203.31 is in addition to any royalty suspension supplement (RSS) for your lease under § 203.45 that results from a different wellbore.

(d) If your lease earns an RSV under § 203.31 and later produces from a deep well that is not a qualified well, the RSV is not forfeited or terminated, but you may not apply the RSV earned under § 203.31 to production from the non-qualified well.

(e) You owe minimum royalties or rentals in accordance with your lease terms notwithstanding any RSVs allowed under paragraphs (a) and (b) of § 203.31.

(f) Unused RSVs transfer to a successor lessee and expire with the lease.

§ 203.33 To which production do I apply the RSV earned by qualified phase 2 and phase 3 ultra-deep wells on my lease or in my unit?

(a) You must apply the RSV allowed in § 203.31(a) and (b) to gas volumes produced from qualified wells on or after May 18, 2007, reported on the Oil and Gas Operations Report, Part A (OGOR–A) for your lease under 30 CFR 1210.102.

All gas production from qualified wells reported on the OGOR–A, including production not subject to royalty, counts toward the total lease RSV earned by both deep or ultra-deep wells on the lease.

(b) This paragraph applies to any lease with a qualified phase 2 or phase 3 ultra-deep well that is not within a BSEE-approved unit. Subject to the price conditions of § 203.36, you must apply the RSV prescribed in § 203.31 as required under the following paragraphs (b)(1) and (b)(2) of this section.

(1) You must apply the RSV to the earliest gas production occurring on and after the later of May 18, 2007, or the date the first qualified phase 2 or phase 3 ultra-deep well that earns your lease the RSV begins production (other than test production).

(2) You must apply the RSV to only gas production from qualified wells on your lease, regardless of their depth, for which you have met the requirements in § 203.35 or § 203.44.

(c) This paragraph applies to any lease with a qualified phase 2 or phase 3 ultra-deep well where all or part of the lease is within a BSEE-approved unit. Under the unit agreement, a share of the production from all the qualified wells in the unit participating area would be allocated to your lease each month according to the participating area percentages. Subject to the price conditions of § 203.36, you must apply the RSV prescribed in § 203.31 as follows:

(1) You must apply the RSV to the earliest gas production occurring on and after the later of May 18, 2007, or the date that the first qualified phase 2 or phase 3 ultra-deep well that earns your lease the RSV begins production (other than test production).

(2) You must apply the RSV to only gas production:

(i) From qualified wells on the non-unitized area of your lease, regardless of their depth, for which you have met the requirements in § 203.35 or § 203.44; and

(ii) Allocated to your lease under a BSEE-approved unit agreement from qualified wells on unitized areas of your lease and on other leases in participating areas of the unit, regardless of their depth, for which the requirements in § 203.35 or § 203.44 have been met. The allocated share under paragraph (a)(2)(ii) of this section does not increase the RSV for your lease.

Example: The east half of your lease A is unitized with all of lease B. There is one qualified phase 2 ultra-deep well on the non-unitized portion of lease A that earns lease A an RSV of 35 BCF under § 203.31, one qualified deep well on the unitized portion of lease A (drilled after the ultra-deep well on the non-unitized portion of that lease) and a qualified phase 2 ultra-deep well on lease B that earns lease B a 35 BCF RSV under § 203.31. The participating area percentages allocate 40 percent of production from both of the unit qualified wells to lease A and 60 percent to lease B. If the non-unitized qualified phase 2 ultra-deep well on lease A produces 12 BCF, and the unitized qualified well on lease A produces 18 BCF, and the qualified well on lease B produces 37 BCF, then the production volume from and allocated to lease A to which the lease A RSV applies is 34 BCF [12 + (18 + 37)(0.40)]. The production volume allocated to lease B to which the lease B RSV applies is 33 BCF [(18 + 37)(0.60)]. None of the volumes produced from a well that is not within a unit participating area may be allocated to other leases in the unit.

(d) You must begin paying royalties when the cumulative production of gas from all qualified wells on your lease, or allocated to your lease under paragraph (b) of this section, reaches the applicable RSV allowed under § 203.31 or § 203.41. For the month in which cumulative production reaches this RSV, you owe royalties on the portion of gas production from or allocated to your lease that exceeds the RSV remaining at the beginning of that month.

§ 203.34 To which production may an RSV earned by qualified phase 2 and phase 3 ultra-deep wells on my lease not be applied?

You may not apply an RSV earned under § 203.31:

(a) To production from completions less than 15,000 feet TVD SS, except in cases where the qualified well is re-perforated in the same reservoir previously perforated deeper than 15,000 feet TVD SS;

(b) To production from a deep well or ultra-deep well on any other lease, except as provided in paragraph (c) of § 203.33;

(c) To any liquid hydrocarbon (oil and condensate) volumes; or

(d) To production from a deep well or ultra-deep well that commenced drilling before:

(1) March 26, 2003, on a lease that is located entirely or partly in water less than 200 meters deep; or

(2) May 18, 2007, on a lease that is located entirely in water more than 200 meters deep.

§ 203.35 What administrative steps must I take to use the RSV earned by a qualified phase 2 or phase 3 ultra-deep well?

To use an RSV earned under § 203.31:

(a) You must notify the BSEE Regional Supervisor for Production and Development in writing of your intent to begin drilling operations on all your ultra-deep wells.

(b) Before beginning production, you must meet any production measurement requirements that the BSEE Regional Supervisor for Production and Development has determined are necessary under 30 CFR part 250, subpart L.

(c)(1) Within 30 days of the beginning of production from any wells that would become qualified phase 2 or phase 3 ultra-deep wells by satisfying the requirements of this section:

(i) Provide written notification to the BSEE Regional Supervisor for Production and Development that production has begun; and

(ii) Request confirmation of the size of the RSV earned by your lease.

(2) If you produced from a qualified phase 2 or phase 3 ultra-deep well before December 18, 2008, you must provide the information in paragraph (c)(1) of this section no later than January 20, 2009.

(d) If you cannot produce from a well that otherwise meets the criteria for a qualified phase 2 ultra-deep well that is an ultra-deep short sidetrack before May 3, 2009, on a lease that is located entirely or partly in water less than 200 meters deep, or before May 3, 2013, on a lease that is located entirely in water more than 200 meters but less than 400 meters deep, the BSEE Regional Supervisor for Production and Development may extend the deadline for beginning production for up to 1 year, based on the circumstances of the particular well involved, if it meets all the following criteria.

(1) The delay occurred after drilling reached the total depth in your well.

(2) Production (other than test production) was expected to begin from the well before May 3, 2009, on a lease that is located entirely or partly in water less than 200 meters deep or before May 3, 2013, on a lease that is located entirely in water more than 200 meters but less than 400 meters deep. You must provide a credible activity schedule with supporting documentation.

(3) The delay in beginning production is for reasons beyond your control, such as adverse weather and accidents which BSEE deems were unavoidable.

§ 203.36 Do I keep royalty relief if prices rise significantly?

(a) You must pay the Office of Natural Resources Revenue royalties on all gas production to which an RSV otherwise would be applied under § 203.33 for any calendar year in which the average daily closing New York Mercantile Exchange (NYMEX) natural gas price exceeds the applicable threshold price shown in the following table.

A price threshold in year 2007 dollars of . . .	Applies to . . .
(1) $10.15 per MMBtu,	(i) The first 25 BCF of RSV earned under § 203.31(a) by a phase 2 ultra-deep well on a lease that is located in water partly or entirely less than 200 meters deep issued before December 18, 2008; and (ii) Any RSV earned under § 203.31(b) by a phase 2 ultra-deep well.
(2) $4.55 per MMBtu,	(i) Any RSV earned under § 203.31(a) by a phase 3 ultra-deep well unless the lease terms prescribe a different price threshold; (ii) The last 10 BCF of the 35 BCF of RSV earned under § 203.31(a) by a phase 2 ultra-deep well on a lease that is located in water partly or entirely less than 200 meters deep issued before December 18, 2008, and that is not a non-converted lease;

A price threshold in year 2007 dollars of . . .	Applies to . . .
	(iii) The last 15 BCF of the 35 BCF of RSV earned under § 203.31(a) by a phase 2 ultra-deep well on a non-converted lease; (iv) Any RSV earned under § 203.31(a) by a phase 2 ultra-deep well on a lease in water partly or entirely less than 200 meters deep issued on or after December 18, 2008, unless the lease terms prescribe a different price threshold; and (v) Any RSV earned under § 203.31(a) by a phase 2 ultra-deep well on a lease in water entirely more than 200 meters deep and entirely less than 400 meters deep.
(3) $4.08 per MMBtu,	(i) The first 20 BCF of RSV earned by a well that is located on a non-converted lease issued in OCS Lease Sale 178.
(4) $5.83 per MMBtu,	(i) The first 20 BCF of RSV earned by a well that is located on a non-converted lease issued in OCS Lease Sales 180, 182, 184, 185, or 187.

(b) For purposes of paragraph (a) of this section, determine the threshold price for any calendar year after 2007 by:

(1) Determining the percentage of change during the year in the Department of Commerce's implicit price deflator for the gross domestic product; and

(2) Adjusting the threshold price for the previous year by that percentage.

(c) The following examples illustrate how this section applies.

Example 1: Assume that a lessee drills and begins producing from a qualified phase 2 ultra-deep well in 2008 on a lease issued in 2004 in less than 200 meters of water that earns the lease an RSV of 35 BCF. Further, assume the well produces a total of 18 BCF by the end of 2009 and in both of those years, the average daily NYMEX closing natural gas price is less than $10.15 (adjusted for inflation after 2007). The lessee does not pay royalty on the 18 BCF because the gas price threshold under paragraph (a)(1) of this section applies to the first 25 BCF of this RSV earned by this phase 2 ultra-deep well. In 2010, the well produces another 13 BCF. In that year, the average daily closing NYMEX natural gas price is greater than $4.55 per MMBtu (adjusted for inflation after 2007), but less than $10.15 per MMBtu (adjusted for inflation after 2007). The first 7 BCF produced in 2010 will exhaust the first 25 BCF (that is subject to the $10.15 threshold) of the 35 BCF RSV that the well earned. The lessee must pay royalty on the remaining 6 BCF produced in 2010, because it is subject to the $4.55 per MMBtu threshold under paragraph (a)(2)(ii) of this section which was exceeded.

Example 2: Assume that a lessee:

(1) Drills and produces from well no.1, a qualified deep well in 2008 to a depth of 15,500 feet TVD SS that earns a 15 BCF RSV for the lease under § 203.41, which would be subject to a price threshold of $10.15 per MMBtu (adjusted for inflation after 2007), meaning the lease is partly or entirely in less than 200 meters of water;

(2) Later in 2008, drills and produces from well no. 2, a second qualified deep well to a depth of 17,000 feet TVD SS that earns no additional RSV (see § 203.41(c)(1)); and

(3) In 2015, drills and produces from well no. 3, a qualified phase 3 ultra-deep well that earns no additional RSV since the lease already has an RSV established by prior deep well production. Further assume that in 2015, the average daily closing NYMEX natural gas price exceeds $4.55 per MMBtu (adjusted for inflation after 2007) but does not exceed $10.15 per MMBtu (adjusted for inflation after 2007). In 2015, any remaining RSV earned by well no. 1 (which would have been applied to production from well nos. 1 and 2 in the intervening years), would be applied to production from all three qualified wells. Because the price threshold applicable to that RSV was not exceeded, the production from all three qualified wells would be royalty-free until the 15 BCF RSV earned by well no. 1 is exhausted.

Example 3: Assume the same initial facts regarding the three wells as in Example 2. Further assume that well no. 1 stopped producing in 2011 after it had produced 8 BCF, and that well no. 2 stopped producing in 2012 after it had produced 5 BCF. Two BCF of the RSV earned by well no. 1 remain. That RSV would be applied to production from well no. 3 until it is exhausted, and the lessee therefore would not pay royalty on those 2 BCF produced in 2015, because the $10.15 per MMBtu (adjusted for inflation after 2007) price threshold is not exceeded. The determination of which price threshold applies to deep gas production depends on when the first qualified well earned the RSV for the lease, not on which wells use the RSV.

Example 4: Assume that in February 2010, a lessee completes and begins producing from an ultra-deep well (at a depth of 21,500 feet TVD SS) on a lease located in 325 meters of water with no prior production from any deep well and no deep water royalty relief. The ultra-deep well would be a phase 2 ultra-

deep well (see definition in § 203.0), and would earn the lease an RSV of 35 BCF under §§ 203.30 and 203.31. Further assume that the average daily closing NYMEX natural gas price exceeds $4.55 per MMBtu (adjusted for inflation after 2007) but does not exceed $10.15 per MMBtu (adjusted for inflation after 2007) during 2010. Because the lease is located in more than 200 but less than 400 meters of water, the $4.55 per MMBtu price threshold applies to the whole RSV (see paragraph (a)(2)(v) of this section), and the lessee will owe royalty on all gas produced from the ultra-deep well in 2010.

(d) You must pay any royalty due under this section no later than March 31 of the year following the calendar year for which you owe royalty. If you do not pay by that date, you must pay late payment interest under 30 CFR 1218.54 from April 1 until the date of payment.

(e) Production volumes on which you must pay royalty under this section count as part of your RSV.

ROYALTY RELIEF FOR DRILLING DEEP GAS WELLS ON LEASES NOT SUBJECT TO DEEP WATER ROYALTY RELIEF

§ 203.40 Which leases are eligible for royalty relief as a result of drilling a deep well or a phase 1 ultra-deep well?

Your lease may receive an RSV under §§ 203.41 through 203.44, and may receive an RSS under §§ 203.45 through 203.47, if it meets all the requirements of this section.

(a) The lease is located in the GOM wholly west of 87 degrees, 30 minutes West longitude in water depths entirely less than 400 meters deep.

(b) The lease has not produced gas or oil from a well with a perforated interval the top of which is 18,000 feet TVD SS or deeper that commenced drilling either:

(1) Before March 26, 2003, on a lease that is located partly or entirely in water less than 200 meters deep; or

(2) Before May 18, 2007, on a lease that is located in water entirely more than 200 meters and entirely less than 400 meters deep.

(c) In the case of a lease located partly or entirely in water less than 200 meters deep, the lease was issued in a lease sale held either:

(1) Before January 1, 2001;

(2) On or after January 1, 2001, and before January 1, 2004, and, in cases where the original lease terms provided for an RSV for deep gas production, the lessee has exercised the option provided for in § 203.49; or

(3) On or after January 1, 2004, and the lease terms provide for royalty relief under §§ 203.41 through 203.47. (Note: Because the original § 203.41 has been divided into new §§ 203.41 and 203.42 and subsequent sections have been redesignated as §§ 203.43 through 203.48, royalty relief in lease terms for leases issued on or after January 1, 2004, should be read as referring to §§ 203.41 through 203.48.)

(d) If the lease is located entirely in more than 200 meters and less than 400 meters of water, it must either:

(1) Have been issued before November 28, 1995, and not been granted deep water royalty relief under 43 U.S.C. 1337(a)(3)(C), added by section 302 of the Deep Water Royalty Relief Act; or

(2) Have been issued after November 28, 2000, and not been granted deep water royalty relief under §§ 203.60 through 203.79.

§ 203.41 If I have a qualified deep well or a qualified phase 1 ultra-deep well, what royalty relief would my lease earn?

(a) To qualify for a suspension volume under paragraphs (b) or (c) of this section, your lease must meet the requirements in § 203.40 and the requirements in the following table.

If your lease has not . . .	And if it later . . .	Then your lease . . .
(1) produced gas or oil from any deep well or ultra-deep well,	Has a qualified deep well or qualified phase 1 ultra-deep well,	earns an RSV specified in paragraph (b) of this section.
(2) produced gas or oil from a well with a perforated interval whose top is 18,000 feet TVD SS or deeper,	Has a qualified deep well with a perforated interval whose top is 18,000 feet TVD SS or deeper or a qualified phase 1 ultra-deep well,	earns an RSV specified in paragraph (c) of this section.

(b) If your lease meets the requirements in paragraph (a)(1) of this section, it earns the RSV prescribed in the following table:

If you have a qualified deep well or a qualified phase 1 ultra-deep well that is:	Then your lease earns an RSV on this volume of gas production:
(1) An original well with a perforated interval the top of which is from 15,000 to less than 18,000 feet TVD SS,	15 BCF.
(2) A sidetrack with a perforated interval the top of which is from 15,000 to less than 18,000 feet TVD SS,	4 BCF plus 600 MCF times sidetrack measured depth (rounded to the nearest 100 feet) but no more than 15 BCF.
(3) An original well with a perforated interval the top of which is at least 18,000 feet TVD SS,	25 BCF.
(4) A sidetrack with a perforated interval the top of which is at least 18,000 feet TVD SS,	4 BCF plus 600 MCF times sidetrack measured depth (rounded to the nearest 100 feet) but no more than 25 BCF.

(c) If your lease meets the requirements in paragraph (a)(2) of this section, it earns the RSV prescribed in the following table. The RSV specified in this paragraph is in addition to any RSV your lease already may have earned from a qualified deep well with a perforated interval whose top is from 15,000 feet to less than 18,000 feet TVD SS.

If you have a qualified deep well or a qualified phase 1 ultra-deep well that is . . .	Then you earn an RSV on this amount of gas production:
(1) An original well or a sidetrack with a perforated interval the top of which is from 15,000 to less than 18,000 feet TVD SS,	0 BCF.
(2) An original well with a perforated interval the top of which is 18,000 feet TVD SS or deeper,	10 BCF.
(3) A sidetrack with a perforated interval the top of which is 18,000 feet TVD SS or deeper,	4 BCF plus 600 MCF times sidetrack measured depth (rounded to the nearest 100 feet) but no more than 10 BCF.

(d) Lessees may request a refund of or recoup royalties paid on production from qualified wells on a lease that is located in water entirely deeper than 200 meters but entirely less than 400 meters deep that:

(1) Occurs before December 18, 2008; and

(2) Is subject to application of an RSV under either § 203.31 or § 203.41.

(e) The following examples illustrate how this section applies, assuming your lease meets the location, prior production, and lease issuance conditions in § 203.40 and paragraph (a) of this section:

Example 1: If you have a qualified deep well that is an original well with a perforated interval the top of which is 16,000 feet TVD SS, your lease earns an RSV of 15 BCF under paragraph (b)(1) of this section. This RSV must be applied to gas production from all qualified wells on your lease, as prescribed in §§ 203.43 and 203.48. However, if the top of the perforated interval is 18,500 feet TVD SS, the RSV is 25 BCF according to paragraph (b)(3) of this section.

Example 2: If you have a qualified deep well that is a sidetrack, with a perforated interval the top of which is 16,000 feet TVD SS and a sidetrack measured depth of 6,789 feet, we round the measured depth to 6,800 feet and your lease earns an RSV of 8.08 BCF under paragraph (b)(2) of this section. This RSV would be applied to gas production from all qualified wells on your lease, as prescribed in §§ 203.43 and 203.48.

Example 3: If you have a qualified deep well that is a sidetrack, with a perforated interval the top of which is 16,000 feet TVD SS and a sidetrack measured depth of 19,500 feet, your lease earns an RSV of 15 BCF. This RSV would be applied to gas production from all qualified wells on your lease, as prescribed in §§ 203.43 and 203.48, even though 4 BCF plus 600 MCF per foot of sidetrack measured depth equals 15.7 BCF because paragraph (b)(2) of this section limits the RSV for a sidetrack at the amount an original well to the same depth would earn.

Example 4: If you have drilled and produced a deep well with a perforated interval the top of which is 16,000 feet TVD SS before March 26, 2003 (and the well therefore is not a qualified well and has earned no RSV under this section), and later drill:

(i) A deep well with a perforated interval the top of which is 17,000 feet TVD SS, your lease earns no RSV (see paragraph (c)(1) of this section);

(ii) A qualified deep well that is an original well with a perforated interval the top of which is 19,000 feet TVD SS, your lease earns an RSV of 10 BCF under paragraph (c)(2) of this section. This RSV would be applied to

gas production from qualified wells on your lease, as prescribed in §§ 203.43 and 203.48; or

(iii) A qualified deep well that is a sidetrack with a perforated interval the top of which is 19,000 feet TVD SS, that has a sidetrack measured depth of 7,000 feet, your lease earns an RSV of 8.2 BCF under paragraph (c)(3) of this section. This RSV would be applied to gas production from qualified wells on your lease, as prescribed in §§ 203.43 and 203.48.

Example 5: If you have a qualified deep well that is an original well with a perforated interval the top of which is 16,000 feet TVD SS, and later drill a second qualified well that is an original well with a perforated interval the top of which is 19,000 feet TVD SS, we increase the total RSV for your lease from 15 BCF to 25 BCF under paragraph (c)(2) of this section. We will apply that RSV to gas production from all qualified wells on your lease, as prescribed in §§ 203.43 and 203.48. If the second well has a perforated interval the top of which is 22,000 feet TVD SS (instead of 19,000 feet), the total RSV for your lease would increase to 25 BCF only in 2 situations: (1) If the second well was a phase 1 ultra-deep well, *i.e.*, if drilling began before May 18, 2007, or (2) the exception in § 203.31(b) applies. In both situations, your lease must be partly or entirely in less than 200 meters of water and production must begin on this well before May 3, 2009. If drilling of the second well began on or after May 18, 2007, the second well would be qualified as a phase 2 or phase 3 ultra-deep well and, unless the exception in § 203.31(b) applies, would not earn any additional RSV (as prescribed in § 203.30), so the total RSV for your lease would remain at 15 BCF.

Example 6: If you have a qualified deep well that is a sidetrack, with a perforated interval the top of which is 16,000 feet TVD SS and a sidetrack measured depth of 4,000 feet, and later drill a second qualified well that is a sidetrack, with a perforated interval the top of which is 19,000 feet TVD SS and a sidetrack measured depth of 8,000 feet, we increase the total RSV for your lease from 6.4 BCF [4 + (600 * 4,000)/1,000,000] to 15.2 BCF {6.4 + [4 + (600 * 8,000)/1,000,000)]} under paragraphs (b)(2) and (c)(3) of this section. We would apply that RSV to gas production from all qualified wells on your lease, as prescribed in §§ 203.43 and 203.48. The difference of 8.8 BCF represents the RSV earned by the second sidetrack that has a perforated interval the top of which is deeper than 18,000 feet TVD SS.

§ 203.42 What conditions and limitations apply to royalty relief for deep wells and phase 1 ultra-deep wells?

The conditions and limitations in the following table apply to royalty relief under § 203.41.

If . . .	Then . . .
(a) Your lease has produced gas or oil from a well with a perforated interval the top of which is 18,000 feet TVD SS or deeper,	your lease cannot earn an RSV under § 203.41 as a result of drilling any subsequent deep wells or phase 1 ultra-deep wells.
(b) You determine RSV under § 203.41 for the first qualified deep well or qualified phase 1 ultra-deep well on your lease (whether an original well or a sidetrack) because you drilled and produced it within the time intervals set forth in the definitions for qualified wells,	that determination establishes the total RSV available for that drilling depth interval on your lease (*i.e.,* either 15,000–18,000 feet TVD SS, or 18,000 feet TVD SS and deeper), regardless of the number of subsequent qualified wells you drill to that depth interval.
(c) A qualified deep well or qualified phase 1 ultra-deep well on your lease is within a unitized portion of your lease,	the RSV earned by that well under § 203.41 applies only to production from qualified wells on or allocated to your lease and not to other leases within the unit.
(d) Your qualified deep well or qualified phase 1 ultra-deep well is a directional well (either an original well or a sidetrack) drilled across a lease line,	the lease with the perforated interval that initially produces earns the RSV. However, if the perforated interval crosses a lease line, the lease where the surface of the well is located earns the RSV.
(e) You earn an RSV under § 203.41,	that RSV is in addition to any RSS for your lease under § 203.45 that results from a different wellbore.
(f) Your lease earns an RSV under § 203.41 and later produces from a well that is not a qualified well,	the RSV is not forfeited or terminated, but you may not apply the RSV under § 203.41 to production from the non-qualified well.
(g) You qualify for an RSV under paragraphs (b) or (c) of § 203.41,	you still owe minimum royalties or rentals in accordance with your lease terms.
(h) You transfer your lease,	unused RSVs transfer to a successor lessee and expire with the lease.

Example to paragraph (b): If your first qualified deep well is a sidetrack with a perforated interval whose top is 16,000 feet TVD SS and earns an RSV of 12.5 BCF, and you later drill a qualified original deep well to 17,000 feet TVD SS, the RSV for your lease remains at 12.5 BCF and does not increase to 15 BCF. However, under paragraph (c) of § 203.41, if you subsequently drill a

qualified deep well to a depth of 18,000 feet or greater TVD SS, you may earn an additional RSV.

§ 203.43 To which production do I apply the RSV earned from qualified deep wells or qualified phase 1 ultra-deep wells on my lease?

(a) You must apply the RSV prescribed in § 203.41(b) and (c) to gas volumes produced from qualified wells on or after May 3, 2004, reported on the OGOR–A for your lease under 30 CFR 1210.102, as and to the extent prescribed in §§ 203.43 and 203.48.

(1) Except as provided in paragraph (a)(2) of this section, all gas production from qualified wells reported on the OGOR–A, including production that is not subject to royalty, counts toward the lease RSV.

(2) Production to which an RSS applies under §§ 203.45 and 203.46 does not count toward the lease RSV.

(b) This paragraph applies to any lease with a qualified deep well or qualified phase 1 ultra-deep well when no part of the lease is within a BSEE-approved unit. Subject to the price conditions in § 203.48, you must apply the RSV prescribed in § 203.41 as required under the following paragraphs (b)(1) and (b)(2) of this section.

(1) You must apply the RSV to the earliest gas production occurring on and after the later of:

(i) May 3, 2004, for an RSV earned by a qualified deep well or qualified phase 1 ultra-deep well on a lease that is located entirely or partly in water less than 200 meters deep;

(ii) May 18, 2007, for an RSV earned by a qualified deep well on a lease that is located entirely in water more than 200 meters deep; or

(iii) The date that the first qualified well that earns your lease the RSV begins production (other than test production).

(2) You must apply the RSV to only gas production from qualified wells on your lease, regardless of their depth, for which you have met the requirements in § 203.35 or § 203.44.

Example 1: On a lease in water less than 200 meters deep, you began drilling an original deep well with a perforated interval the top of which is 18,200 feet TVD SS in September 2003, that became a qualified deep well in July 2004, when it began producing and using the RSV that it earned. You subsequently drill another original deep well with a perforated interval the top of which is 16,600 feet TVD SS, which becomes a qualified deep well when production begins in August 2008. The first well earned an RSV of 25 BCF (see § 203.41(a)(1) and (b)(3)). You must apply any remaining RSV each month beginning in August 2008 to production from both wells until the 25 BCF RSV is fully utilized according to paragraph (b)(2) of this section. If the second well had begun production in August 2009, it would not be a qualified deep well because it started production after expiration in May 2009 of the ability to qualify for royalty relief in this water depth, and could not share any of the remaining RSV (see definition of a qualified deep well in § 203.0).

Example 2: On a lease in water between 200 and 400 meters deep, you begin drilling an original deep well with a perforated interval the top of which is 17,100 feet TVD SS in November 2010 that becomes a qualified deep well in June 2011 when it begins producing and using the RSV. You subsequently drill another original deep well with a perforated interval the top of which is 15,300 feet TVD SS which becomes a qualified deep well by beginning production in October 2011 (see definition of a qualified deep well in § 203.0). Only the first well earns an RSV equal to 15 BCF (see § 203.41(a) and (b)). You must apply any remaining RSV each month beginning in October 2011 to production from both qualified deep wells until the 15 BCF RSV is fully utilized according to paragraph (b)(2) of this section.

(c) This paragraph applies to any lease with a qualified deep well or qualified phase 1 ultra-deep well when all or part of the lease is within a BSEE-approved unit. Under the unit agreement, a share of the production from all the qualified wells in the unit participating area would be allocated to your lease each month according to the participating area percentages. Subject to the price conditions in § 203.48, you must apply the RSV prescribed under § 203.41 as required under the following paragraphs (c)(1) through (3) of this section.

(1) You must apply the RSV to the earliest gas production occurring on and after the later of:

(i) May 3, 2004, for an RSV earned by a qualified well or qualified phase 1 ultra-deep well on a lease that is located entirely or partly in water less than 200 meters deep;

(ii) May 18, 2007, for an RSV earned by a qualified deep well on a lease that

is located entirely in water more than 200 meters deep; or

(iii) The date that the first qualified well that earns your lease the RSV begins production (other than test production).

(2) You must apply the RSV to only gas production:

(i) From all qualified wells on the non-unitized area of your lease, regardless of their depth, for which you have met the requirements in § 203.35 or § 203.44; and,

(ii) Allocated to your lease under a BSEE-approved unit agreement from qualified wells on unitized areas of your lease and on unitized areas of other leases in the unit, regardless of their depth, for which the requirements in § 203.35 or § 203.44 have been met.

(3) The allocated share under paragraph (c)(2)(ii) of this section does not increase the RSV for your lease. None of the volumes produced from a well that is not within a unit participating area may be allocated to other leases in the unit.

Example: The east half of your lease A is unitized with all of lease B. There is one qualified 19,000-foot TVD SS deep well on the non-unitized portion of lease A, one qualified 18,500-foot TVD SS deep well on the unitized portion of lease A, and a qualified 19,400-foot TVD SS deep well on lease B. The participating area percentages allocate 32 percent of production from both of the unit qualified deep wells to lease A and 68 percent to lease B. If the non-unitized qualified deep well on lease A produces 12 BCF and the unitized qualified deep well on lease A produces 15 BCF, and the qualified deep well on lease B produces 10 BCF, then the production volume from and allocated to lease A to which the lease an RSV applies is 20 BCF [12 + (15 + 10) * (0.32)]. The production volume allocated to lease B to which the lease B RSV applies is 17 BCF [(15 + 10) * (0.68)].

(d) You must begin paying royalties when the cumulative production of gas from all qualified wells on your lease, or allocated to your lease under paragraph (c) of this section, reaches the applicable RSV allowed under § 203.31 or § 203.41. For the month in which cumulative production reaches this RSV, you owe royalties on the portion of gas production that exceeds the RSV remaining at the beginning of that month.

(e) You may not apply the RSV allowed under § 203.41 to:

(1) Production from completions less than 15,000 feet TVD SS, except in cases where the qualified deep well is re-perforated in the same reservoir previously perforated deeper than 15,000 feet TVD SS;

(2) Production from a deep well or phase 1 ultra-deep well on any other lease, except as provided in paragraph (c) of this section;

(3) Any liquid hydrocarbon (oil and condensate) volumes; or

(4) Production from a deep well or phase 1 ultra-deep well that commenced drilling before:

(i) March 26, 2003, on a lease that is located entirely or partly in water less than 200 meters deep, or

(ii) May 18, 2007, on a lease that is located entirely in water more than 200 meters deep.

§ 203.44 What administrative steps must I take to use the royalty suspension volume?

(a) You must notify the BSEE Regional Supervisor for Production and Development in writing of your intent to begin drilling operations on all deep wells and phase 1 ultra-deep wells; and

(b) Within 30 days of the beginning of production from all wells that would become qualified wells by satisfying the requirements of this section, you must:

(1) Provide written notification to the BSEE Regional Supervisor for Production and Development that production has begun; and

(2) Request confirmation of the size of the royalty suspension volume earned by your lease.

(c) Before beginning production, you must meet any production measurement requirements that the BSEE Regional Supervisor for Production and Development has determined are necessary under 30 CFR part 250, subpart L.

(d) You must provide the information in paragraph (b) of this section by January 20, 2009, if you produced before December 18, 2008, from a qualified deep well or qualified phase 1 ultra-deep well on a lease that is located entirely in water more than 200 meters and less than 400 meters deep.

(e) The BSEE Regional Supervisor for Production and Development may extend the deadline for beginning production for up to one year for a well that cannot begin production before the applicable date prescribed in the definition of ''qualified deep well'' in § 203.0 if it meets all of the following criteria.

(1) The well otherwise meets the criteria in the definition of a qualified deep well in § 203.0.

(2) The delay in production occurred after reaching total depth in the well.

(3) Production (other than test production) was expected to begin from the well before the applicable deadline in the definition of a qualified deep well in § 203.0. You must provide a credible activity schedule with supporting documentation.

(4) The delay in beginning production is for reasons beyond your control, such as adverse weather and accidents which BSEE deems were unavoidable.

§ 203.45 If I drill a certified unsuccessful well, what royalty relief will my lease earn?

Your lease may earn a royalty suspension supplement. Subject to paragraph (d) of this section, the royalty suspension supplement is in addition to any royalty suspension volume your lease may earn under § 203.41.

(a) If you drill a certified unsuccessful well and you satisfy the administrative requirements of § 203.47, subject to the price conditions in § 203.48, your lease earns an RSS shown in the following table. The RSS is shown in billions of cubic feet of gas equivalent (BCFE) or in thousands of cubic feet of gas equivalent (MCFE) and is applicable to oil and gas production as prescribed in § 203.46.

If you have a certified unsuccessful well that is:—	Then your lease earns an RSS on this volume of oil and gas production as prescribed in this section and § 203.46:—
(1) An original well and your lease has not produced gas or oil from a deep well or an ultra-deep well,	5 BCFE.
(2) A sidetrack (with a sidetrack measured depth of at least 10,000 feet) and your lease has not produced gas or oil from a deep well or an ultra-deep well,	0.8 BCFE plus 120 MCFE times sidetrack measured depth (rounded to the nearest 100 feet) but no more than 5 BCFE.
(3) An original well or a sidetrack (with a sidetrack measured depth of at least 10,000 feet) and your lease has produced gas or oil from a deep well with a perforated interval the top of which is from 15,000 to less than 18,000 feet TVD SS,	2 BCFE.

(b) This paragraph applies to oil and gas volumes you report on the OGOR–A for your lease under 30 CFR 1210.102.

(1) You must apply the RSS prescribed in paragraph (a) of this section, in accordance with the requirements in § 203.46, to all oil and gas produced from the lease:

(i) On or after December 18, 2008, if your lease is located in water more than 200 meters but less than 400 meters deep; or

(ii) On or after May 3, 2004, if your lease is located in water partly or entirely less than 200 meters deep.

(2) Production to which an RSV applies under §§ 203.31 through 203.33 and §§ 203.41 through 203.43 does not count toward the lease RSS. All other production, including production that is not subject to royalty, counts toward the lease RSS.

Example 1: If you drill a certified unsuccessful well that is an original well to a target 19,000 feet TVD SS, your lease earns an RSS of 5 BCFE that would be applied to gas and oil production if your lease has not previously produced from a deep well or an ultra-deep well, or you earn an RSS of 2 BCFE of gas and oil production if your lease has previously produced from a deep well with a perforated interval from 15,000 to less than 18,000 feet TVD SS, as prescribed in § 203.46.

Example 2: If you drill a certified unsuccessful well that is a sidetrack that reaches a target 19,000 feet TVD SS, that has a sidetrack measured depth of 12,545 feet, and your lease has not produced gas or oil from any deep well or ultra-deep well, BSEE rounds the sidetrack measured depth to 12,500 feet and your lease earns an RSS of 2.3 BCFE of gas and oil production as prescribed in § 203.45.

(c) The conversion from oil to gas for using the royalty suspension supplement is specified in § 203.73.

(d) Each lease is eligible for up to two royalty suspension supplements. Therefore, the total royalty suspension supplement for a lease cannot exceed 10 BCFE.

(1) You may not earn more than one royalty suspension supplement from a single wellbore.

(2) If you begin drilling a certified unsuccessful well on one lease but the completion target is on a second lease, the entire royalty suspension supplement belongs to the second lease. However, if the target straddles a lease line, the lease where the surface of the well is located earns the royalty suspension supplement.

(e) If the same wellbore that earns an RSS as a certified unsuccessful well later produces from a perforated interval the top of which is 15,000 feet TVD or deeper and becomes a qualified well, it will be subject to the following conditions:

(1) Beginning on the date production starts, you must stop applying the royalty suspension supplement earned by that wellbore to your lease production.

(2) If the completion of this qualified well is on your lease or, in the case of a directional well, is on another lease, then you must subtract from the royalty suspension volume earned by that qualified well the royalty suspension supplement amounts earned by that wellbore that have already been applied either on your lease or any other lease. The difference represents the royalty suspension volume earned by the qualified well.

(f) If the same wellbore that earned a royalty suspension supplement later has a sidetrack drilled from that wellbore, you are not required to subtract any royalty suspension supplement earned by that wellbore from the royalty suspension volume that may be earned by the sidetrack.

(g) You owe minimum royalties or rentals in accordance with your lease terms notwithstanding any royalty suspension supplements under this section.

§ 203.46 To which production do I apply the royalty suspension supplements from drilling one or two certified unsuccessful wells on my lease?

(a) Subject to the requirements of §§ 203.40, 203.43, 203.45, 203.47, and 203.48 you must apply an RSS in § 203.45 to the earliest oil and gas production:

(1) Occurring on and after the day you file the information under § 203.47(b),

(2) From, or allocated under a BSEE-approved unit agreement to, the lease on which the certified unsuccessful well was drilled, without regard to the drilling depth of the well producing the gas or oil.

(b) If you have a royalty suspension volume for the lease under § 203.41, you must use the royalty suspension volumes for gas produced from qualified wells on the lease before using royalty suspension supplements for gas produced from qualified wells.

Example to paragraph (b): You have two shallow oil wells on your lease. Then you drill a certified unsuccessful well and earn a royalty suspension supplement of 5 BCFE. Thereafter, you begin production from an original well that is a qualified well that earns a royalty suspension volume of 15 BCF. You use only 2 BCFE of the royalty suspension supplement before the oil wells deplete. You must use up the 15 BCF of royalty suspension volume before you use the remaining 3 BCFE of the royalty suspension supplement for gas produced from the qualified well.

(c) If you have no current production on which to apply the RSS allowed under § 203.45, your RSS applies to the earliest subsequent production of gas and oil from, or allocated under a BSEE-approved unit agreement to, your lease.

(d) Unused royalty suspension supplements transfer to a successor lessee and expire with the lease.

(e) You may not apply the RSS allowed under § 203.45 to production from any other lease, except for production allocated to your lease from a BSEE-approved unit agreement. If your certified unsuccessful well is on a lease subject to a BSEE-approved unit agreement, the lessees of other leases in the unit may not apply any portion of the RSS for your lease to production from the other leases in the unit.

(f) You must begin or resume paying royalties when cumulative gas and oil production from, or allocated under a BSEE-approved unit agreement to, your lease (excluding any gas produced from qualified wells subject to a royalty suspension volume allowed under § 203.41) reaches the applicable royalty suspension supplement. For the month in which the cumulative production reaches this royalty suspension supplement, you owe royalties on the portion of gas or oil production that exceeds the amount of the royalty suspension supplement remaining at the beginning of that month.

§ 203.47 What administrative steps do I take to obtain and use the royalty suspension supplement?

(a) Before you start drilling a well on your lease targeted to a reservoir at least 18,000 feet TVD SS, you must notify, in writing, the BSEE Regional Supervisor for Production and Development of your intent to begin drilling operations and the depth of the target.

(b) After drilling the well, you must provide the BSEE Regional Supervisor for Production and Development within 60 days after reaching the total depth in your well:

(1) Information that allows BSEE to confirm that you drilled a certified unsuccessful well as defined under § 203.0, including:

(i) Well log data, if your original well or sidetrack does not meet the producibility requirements of 30 CFR part 550, subpart A; or

(ii) Well log, well test, seismic, and economic data, if your well does meet the producibility requirements of 30 CFR part 550, subpart A; and

(2) Information that allows BSEE to confirm the size of the royalty suspension supplement for a sidetrack, including sidetrack measured depth and supporting documentation.

(c) If you commenced drilling a well that otherwise meets the criteria for a certified unsuccessful well on a lease located entirely in more than 200 meters and entirely less than 400 meters of water on or after May 18, 2007, and finished it before December 18, 2008, you must provide the information in paragraph (b) of this section no later than February 17, 2009.

§ 203.48 Do I keep royalty relief if prices rise significantly?

(a) You must pay royalties on all gas and oil production for which an RSV or an RSS otherwise would be allowed under §§ 203.40 through 203.47 for any calendar year when the average daily closing NYMEX natural gas price exceeds the applicable threshold price shown in the following table.

For a lease located in water . . .	And issued . . .	The applicable threshold price is . . .
(1) Partly or entirely less than 200 meters deep,	before December 18, 2008,	$10.15 per MMBtu, adjusted annually after calendar year 2007 for inflation.
(2) Partly or entirely less than 200 meters deep,	after December 18, 2008,	$4.55 per MMBtu, adjusted annually after calendar year 2007 for inflation unless the lease terms prescribe a different price threshold.
(3) Entirely more than 200 meters and entirely less than 400 meters deep,	on any date,	$4.55 per MMBtu, adjusted annually after calendar year 2007 for inflation unless the lease terms prescribe a different price threshold.

(b) Determine the threshold price for any calendar year after 2007 by adjusting the threshold price in the previous year by the percentage that the implicit price deflator for the gross domestic product, as published by the Department of Commerce, changed during the calendar year.

(c) You must pay any royalty due under this section no later than March 31 of the year following the calendar year for which you owe royalty. If you do not pay by that date, you must pay late payment interest under 30 CFR 1218.54 from April 1 until the date of payment.

(d) Production volumes on which you must pay royalty under this section count as part of your RSV and RSS.

§ 203.49 May I substitute the deep gas drilling provisions in this part for the deep gas royalty relief provided in my lease terms?

(a) You may exercise an option to replace the applicable lease terms for royalty relief related to deep-well drilling with those in § 203.0 and §§ 203.40 through 203.48 if you have a lease issued with royalty relief provisions for deep-well drilling. Such leases:

(1) Must be issued as part of an OCS lease sale held after January 1, 2001, and before April 1, 2004; and

(2) Must be located wholly west of 87 degrees, 30 minutes West longitude in the GOM entirely or partly in water less than 200 meters deep.

(b) To exercise the option under paragraph (a) of this section, you must notify, in writing, the BSEE Regional Supervisor for Production and Development of your decision before September 1, 2004, or 180 days after your lease is issued, whichever is later, and specify the lease and block number.

(c) Once you exercise the option under paragraph (a) of this section, you are subject to all the activity, timing, and administrative requirements pertaining to deep gas royalty relief as specified in §§ 203.40 through 203.48.

(d) Exercising the option under paragraph (a) of this section is irrevocable. If you do not exercise this option, then the terms of your lease apply.

ROYALTY RELIEF FOR END-OF-LIFE LEASES

§ 203.50 Who may apply for end-of-life royalty relief?

You may apply for royalty relief in two situations.

(a) Your end-of-life lease (as defined in § 203.2) is an oil and gas lease and has average daily production of at least 100 barrels of oil equivalent (BOE) per month (as calculated in § 203.73) in at least 12 of the past 15 months. The most recent of these 12 months are considered the qualifying months. These 12 months should reflect the basic operation you intend to use until your resources are depleted. If you changed your operation significantly (e.g., begin re-injecting rather than recovering gas) during the qualifying months, or if you do so while we are processing your application, we may defer action on your application until you revise it to show the new circumstances.

(b) Your end-of-life lease is other than an oil and gas lease (e.g., sulphur) and has production in at least 12 of the past 15 months. The most recent of these 12 months are considered the qualifying months.

§ 203.51 How do I apply for end-of-life royalty relief?

You must submit a complete application and the required fee to the appropriate BSEE Regional Director. Your BSEE regional office will provide specific guidance on the report formats. A complete application for relief includes:

(a) An administrative information report (specified in § 203.83) and

(b) A net revenue and relief justification report (specified in § 203.84).

§ 203.52 What criteria must I meet to get relief?

(a) To qualify for relief, you must demonstrate that the sum of royalty payments over the 12 qualifying months exceeds 75 percent of the sum of net revenues (before-royalty revenues minus allowable costs, as defined in § 203.84).

(b) To re-qualify for relief, e.g., either applying for additional relief on top of relief already granted, or applying for relief sometime after your earlier agreement terminated, you must demonstrate that:

(1) You have met the criterion listed in paragraph (a) of this section, and

(2) The 12 required qualifying months of operation have occurred under the current royalty arrangement.

§ 203.53 What relief will BSEE grant?

(a) If we approve your application and you meet certain conditions, we will reduce the pre-application effective royalty rate by one-half on production up to the relief volume amount. If you produce more than the relief volume amount:

(1) We will impose a royalty rate equal to 1.5 times the effective royalty rate on your additional production up to twice the relief volume amount; and

(2) We will impose a royalty rate equal to the effective rate on all production greater than twice the relief volume amount.

(b) Regardless of the level of production or prices (see § 203.54), royalty payments due under end-of-life relief will not exceed the royalty obligations that would have been due at the effective royalty rate.

(1) The effective royalty rate is the average lease rate paid on production during the 12 qualifying months.

(2) The relief volume amount is the average monthly BOE production for the 12 qualifying months.

§ 203.54 How does my relief arrangement for an oil and gas lease operate if prices rise sharply?

In those months when your current reference price rises by at least 25 percent above your base reference price, you must pay the effective royalty rate on all monthly production.

(a) Your current reference price is a weighted average of daily closing prices on the NYMEX for light sweet crude oil and natural gas over the most recent full 12 calendar months;

(b) Your base reference price is a weighted average of daily closing prices on the NYMEX for light sweet crude oil and natural gas during the qualifying months; and

(c) Your weighting factors are the proportions of your total production volume (in BOE) provided by oil and gas during the qualifying months.

§ 203.55 Under what conditions can my end-of-life royalty relief arrangement for an oil and gas lease be ended?

(a) If you have an end-of-life royalty relief arrangement, you may renounce it at any time. The lease rate will return to the effective rate during the qualifying period in the first full month following our receipt of your renouncement of the relief arrangement.

(b) If you pay the effective lease rate for 12 consecutive months, we will terminate your relief. The lease rate will return to the effective rate in the first full month following this termination.

(c) We may stipulate in the letter of approval for individual cases certain events that would cause us to terminate relief because they are inconsistent with an end-of-life situation.

§ 203.56 Does relief transfer when a lease is assigned?

Yes. Royalty relief is based on the lease circumstances, not ownership. It transfers upon lease assignment.

Royalty Relief for Pre-Act Deep Water Leases and for Development and Expansion Projects

§ 203.60 Who may apply for royalty relief on a case-by-case basis in deep water in the Gulf of Mexico or offshore of Alaska?

You may apply for royalty relief under §§ 203.61(b) and 203.62 for an individual lease, unit or project if you:

(a) Hold a pre-Act lease (as defined in § 203.0) that we have assigned to an authorized field (as defined in § 203.0);

(b) Propose an expansion project (as defined in § 203.0); or

(c) Propose a development project (as defined in § 203.0).

§ 203.61 How do I assess my chances for getting relief?

You may ask for a nonbinding assessment (a formal opinion on whether a field would qualify for royalty relief) before turning in your first complete application on an authorized field. This field must have a qualifying well under 30 CFR part 550, subpart A, or be on a lease that has allocated production under an approved unit agreement.

(a) To request a nonbinding assessment, you must:

(1) Submit a draft application in the format and detail specified in guidance from the BSEE regional office for the GOM;

(2) Propose to drill at least one more appraisal well if you get a favorable assessment; and

(3) Pay a fee under § 203.3.

(b) You must wait at least 90 days after receiving our assessment to apply for relief under § 203.62.

(c) This assessment is not binding because a complete application may contain more accurate information that does not support our original assessment. It will help you decide whether your proposed inputs for evaluating economic viability and your supporting data and assumptions are adequate.

§ 203.62 How do I apply for relief?

(a) You must send a complete application and the required fee to the BSEE Regional Director for your region.

(b) Your application for royalty relief offshore Alaska or in deep water in the GOM must include an original and two copies (one set of digital information) of:

(1) Administrative information report;

(2) Economic viability and relief justification report;

(3) G&G report;

(4) Engineering report;

(5) Production report; and

(6) Cost report.

(c) Section 203.82 explains why we are authorized to require these reports.

(d) Sections 203.81, 203.83, and 203.85 through 203.89 describe what these reports must include. The BSEE regional office for your region will guide you on the format for the required reports, and we encourage you to contact this office before preparing your application for this guidance.

§ 203.63 Does my application have to include all leases in the field?

(a) For authorized fields, we will accept only one joint application for all leases that are part of the designated field on the date of application, except as provided in paragraph (a)(3) of this section and § 203.64. However, we will evaluate all acreage that may eventually become part of the authorized field. Therefore, if you have any other leases that you believe may eventually be part of the authorized field, you must submit data for these leases according to § 203.81.

(1) The Regional Director maintains a Field Names Master List with updates of all leases in each designated field.

(2) To avoid sharing proprietary data with other lessees on the field, you may submit your proprietary G&G report separately from the rest of your application. Your application is not complete until we receive all the required information for each lease on the field. We will not disclose proprietary data when explaining our assumptions and reasons for our determinations under § 203.67.

(3) We will not require a joint application if you show good cause and honest effort to get all lessees in the field to participate. If you must exclude a lease from your application because its lessee will not participate, that lease is ineligible for the royalty relief for the designated field.

(b) If your application seeks only relief for a development project or an expansion project, your application does not have to include all leases in the field.

§ 203.64 How many applications may I file on a field or a development project?

You may file one complete application for royalty relief during the life of the field or for a development project or an expansion project designed to produce a reservoir or set of reservoirs. However, you may send another application if:

(a) You are eligible to apply for a redetermination under § 203.74;

(b) You apply for royalty relief for an expansion project;

(c) You withdraw the application before we make a determination; or

(d) You apply for end-of-life royalty relief.

§ 203.65 How long will BSEE take to evaluate my application?

(a) We will determine within 20 working days if your application for royalty relief is complete. If your application is incomplete, we will explain in writing what it needs. If you withdraw a complete application, you may reapply.

(b) We will evaluate your first application on a field within 180 days, evaluate your first application on a development project or an expansion project within 150 days and evaluate a redetermination under § 203.75 within 120 days after we determine that it is complete.

(c) We may ask to extend the review period for your application under the conditions in the following table.

If . . .	Then we may . . .
(1) We need more records to audit sunk costs,	Ask to extend the 120-day or 180-day evaluation period. The extension we request will equal the number of days between when you receive our request for records and the day we receive the records.
(2) We cannot evaluate your application for a valid reason, such as missing vital information or inconsistent or inconclusive supporting data,	Add another 30 days. We may add more than 30 days, but only if you agree.
(3) We need more data, explanations, or revision,	Ask to extend the 120-day or 180-day evaluation period. The extension we request will equal the number of days between when you receive our request and the day we receive the information.

(d) We may change your assumptions under § 203.62 if our technical evaluation reveals others that are more appropriate. We may consult with you before a final decision and will explain any changes.

(e) We will notify all designated lease operators within a field when royalty relief is granted.

§ 203.66 What happens if BSEE does not act in the time allowed?

If we do not act within the timeframes established under § 203.65, you get royalty relief according to the following table.

If you apply for royalty relief for	And we do not decide within the time specified,	As long as you
(a) An authorized field,	You get the minimum suspension volumes specified in § 203.69,	Abide by §§ 203.70 and 203.76.
(b) An expansion project,	You get a royalty suspension for the first year of production,	Abide by §§ 203.70 and 203.76.
(c) A development project,	You get a royalty suspension for initial production for the number of months that a decision is delayed beyond the stipulated timeframes set by § 203.65, plus all the royalty suspension volume for which you qualify,	Abide by §§ 203.70 and 203.76.

§ 203.67 What economic criteria must I meet to get royalty relief on an authorized field or project?

We will not approve applications if we determine that royalty relief cannot make the field, development project, or expansion project economically viable. Your field or project must be uneconomic while you are paying royalties and must become economic with royalty relief.

§ 203.68 What pre-application costs will BSEE consider in determining economic viability?

(a) We will not consider ineligible costs as set forth in § 203.89(h) in determining economic viability for purposes of royalty relief.

(b) We will consider sunk costs according to the following table.

We will . . .	When determining . . .
(1) Include sunk costs,	Whether a field that includes a pre-Act lease which has not produced, other than test production, before the application or redetermination submission date needs relief to become economic.
(2) Not include sunk costs,	Whether an authorized field, a development project, or an expansion project can become economic with full relief (see § 203.67).
(3) Not include sunk costs,	How much suspension volume is necessary to make the field, a development project, or an expansion project economic (see § 203.69(c)).
(4) Include sunk costs for the project discovery well on each lease,	Whether a development project or an expansion project needs relief to become economic.

§ 203.69 If my application is approved, what royalty relief will I receive?

If we approve your application, subject to certain conditions, we will not collect royalties on a specified suspension volume for your field, development project, or expansion project. Suspension volumes include volumes allocated to a lease under an approved unit agreement, but exclude any volumes of production that are not normally royalty-bearing under the lease or the regulations of this chapter (e.g., fuel gas).

(a) For authorized fields, the minimum royalty-suspension volumes are:

(1) 17.5 million barrels of oil equivalent (MMBOE) for fields in 200 to 400 meters of water;

(2) 52.5 MMBOE for fields in 400 to 800 meters of water; and

(3) 87.5 MMBOE for fields in more than 800 meters of water.

(b) For development projects, any relief we grant applies only to project wells and replaces the royalty relief, if any, with which we issued your lease.

(c) If your project is economic given the royalty relief with which we issued your lease, we will reject the application.

(d) If the lease has earned or may earn deep gas royalty relief under §§ 203.40 through 203.49 or ultra-deep gas royalty relief under §§ 203.30 through 203.36, we will take the deep gas royalty relief or ultra-deep gas royalty relief into account in determining whether further royalty relief for a development project is necessary for production to be economic.

(e) If neither paragraph (c) nor (d) of this section apply, the *minimum* royalty suspension volumes are as shown in the following table:

For . . .	The minimum royalty suspension volume is . . .	Plus . . .
(1) RS leases in the GOM or leases offshore Alaska,	A volume equal to the combined royalty suspension volumes (or the volume equivalent based on the data in your approved application for other forms of royalty suspension) with which BSEE issued the leases participating in the application that have or plan a well into a reservoir identified in the application,	10 percent of the median of the distribution of known recoverable resources upon which BSEE based approval of your application from all reservoirs included in the project.
(2) Leases offshore Alaska or other deep water GOM leases issued in sales after November 28, 2000,	A volume equal to 10 percent of the median of the distribution of known recoverable resources upon which BSEE based approval of your application from all reservoirs included in the project.	

(f) If your application includes pre-Act leases in different categories of water depth, we apply the minimum royalty suspension volume for the deepest such lease then assigned to the field. We base the water depth and makeup of a field on the water-depth delineations in the ''Lease Terms and Economic Conditions'' map and the ''Fields Directory'' documents and updates in effect at the time your application is deemed complete. These publications are available from the BSEE Gulf of Mexico Regional Office.

(g) You will get a royalty suspension volume above the minimum if we determine that you need more to make the field or development project economic.

(h) For expansion projects, the minimum royalty suspension volume equals 10 percent of the median of the distribution of known recoverable resources upon which we based approval of your application from all reservoirs included in your project plus any suspension volumes required under § 203.66. If we determine that your expansion project may be economic only with more relief, we will determine and grant you the royalty suspension volume necessary to make the project economic.

(i) The royalty suspension volume applicable to specific leases will continue through the end of the month in which cumulative production reaches that volume. You must calculate cumulative production from all the leases in the authorized field or project that are entitled to share the royalty suspension volume.

§ 203.70 What information must I provide after BSEE approves relief?

You must submit reports to us as indicated in the following table. Sections 203.81, 203.90, and 203.91 describe what these reports must include. The BSEE Regional Office for your region will prescribe the formats.

Required report	When due to BSEE	Due date extensions
(a) Fabricator's confirmation report.	Within 18 months after approval of relief.	BSEE Director may grant you an extension under § 203.79(c) for up to 6 months.
(b) Post-production report.	Within 120 days after the start of production that is subject to the approved royalty suspension volume.	With acceptable justification from you, the BSEE Regional Director for your region may extend the due date up to 30 days.

§ 203.71 How does BSEE allocate a field's suspension volume between my lease and other leases on my field?

The allocation depends on when production occurs, when we issued the lease, when we assigned it to the field, and whether we award the volume suspension by an approved application or establish it in the lease terms, as prescribed in this section.

(a) If your authorized field has an approved royalty suspension volume under §§ 203.67 and 203.69, we will suspend payment of royalties on production from all leases in the field that participate in the application until their cumulative production equals the approved volume. The following conditions also apply:

If . . .	Then . . .	And . . .
(1) We assign an eligible lease to your authorized field after we approve relief,	We will not change your authorized field's royalty suspension volume determined under § 203.69,	Production from the assigned eligible lease(s) counts toward the royalty suspension volume for the authorized field, but the eligible lease will not share any remaining royalty suspension volume for the authorized field after the eligible lease has produced the volume applicable under 30 CFR 560.114.
(2) We assign a pre-Act or post-November 2000 deep water lease to your field after we approve your application,	We will not change your field's royalty suspension volume,	The assigned lease(s) may share in any remaining royalty relief by filing the short-form application specified in § 203.83 and authorized in § 203.82. An assigned RS lease also gets any portion of its royalty suspension volume remaining even after the field has produced the approved relief volume.
(3) We assign another lease that you operate to your field while we are evaluating your application,	In our evaluation of your authorized field, we will take into account the value of any royalty relief the added lease already has under 30 CFR 560.114 or its lease document. If we find your authorized field still needs additional royalty suspension volume, that volume will be at least the combined royalty suspension volume to which all added leases on the field are entitled, or the minimum suspension volume of the authorized field, whichever is greater,	(i) You toll the time period for evaluation until you modify your application to be consistent with the newly constituted field; (ii) We have an additional 60 days to review the new information; and (iii) The assigned pre-Act lease or royalty suspension lease shares the royalty suspension we grant to the newly constituted field. An eligible lease does not share the royalty suspension we grant to the new field. If you do not agree to toll, we will have to reject your application due to incomplete information. Production from an assigned eligible lease counts toward the royalty suspension volume that we grant under § 203.69 for your authorized field, but you will not owe royalty on production from the eligible lease until it has produced the volume applicable under 30 CFR 560.114.
(4) We assign another operator's lease to your field while we are evaluating your application,	We will change your field's minimum suspension volume provided the assigned lease joins the application and is entitled to a larger minimum suspension volume,	(i) You both toll the time period for evaluation until both of you modify your application to be consistent with the new field; (ii) We have an additional 60 days to review the new information; and (iii) The assigned lease(s) shares the royalty suspension we grant to the new field. If you (the original applicant) do not agree to toll, the other operator's lease retains any suspension volume it has or may share in any relief that we grant by filing the short form application specified in § 203.83 and authorized in § 203.82.
(5) We reassign a well on a pre-Act, eligible, or royalty suspension lease from field A to field B,	The past production from the well counts toward the royalty suspension volume that we grant under § 203.69 to field B,	For any field based relief, the past production for that well will not count toward any royalty suspension volume that we grant under § 203.69 to field A. Moreover, past production from that well will count toward the royalty suspension volume applicable for the lease under 30 CFR 560.114 if the well is on an eligible lease or under 30 CFR 560.124 if the well is on a royalty suspension lease.

(b) When a project has more than one lease, the royalty suspension volume for each lease equals that lease's actual production from the project (or production allocated under an approved unit agreement) until total production for all leases in the project equals the project's approved royalty suspension volume.

(c) You may receive a royalty-suspension volume only if your entire lease is west of 87 degrees, 30 minutes West longitude. If the field lies on both sides of this meridian, only leases located entirely west of the meridian will receive a royalty-suspension volume.

§ 203.72 Can my lease receive more than one suspension volume?

Yes. You may apply for royalty relief that involves more than one suspension volume under § 203.62 in two circumstances.

(a) Each field that includes your lease may receive a separate royalty-suspension volume, if it meets the evaluation criteria of § 203.67.

(b) An expansion project on your lease may receive a separate royalty-suspension volume, even if we have already granted a royalty-suspension volume to the field that encompasses the project. But the reserves associated with the project must not have been part of our original determination, and the project must meet the evaluation criteria of § 203.67.

§ 203.73 How do suspension volumes apply to natural gas?

You must measure natural gas production under the royalty-suspension volume as follows: 5.62 thousand cubic feet of natural gas, measured in accordance with 30 CFR part 250, subpart L, equals one barrel of oil equivalent.

§ 203.74 When will BSEE reconsider its determination?

You may request a redetermination after we withdraw approval or after you renounce royalty relief, unless we withdraw approval due to your providing false or intentionally inaccurate information. Under certain conditions you may also request a redetermination if we deny your application or if you want your approved royalty suspension volume to change. In these instances, to be eligible for a redetermination, at least one of the following four conditions must occur.

(a) You have significant new G&G data and you previously have not either requested a redetermination or reapplied for relief after we withdrew approval or you relinquished royalty relief. ''Significant'' means that the new G&G data:

(1) Results from drilling new wells or getting new three-dimensional seismic data and information (but not reinterpreting old data);

(2) Did not exist at the time of the earlier application; and

(3) Changes your estimates of gross resource size, quality, or projected flow rates enough to materially affect the results of our earlier determination.

(b) You demonstrate in your new application that the technology that most efficiently develops this field or lease was not considered or deemed feasible in the original application. Your newly proposed technology must improve the profitability, under equivalent market conditions, of the field or lease relative to the development system proposed in the prior application.

(c) Your current reference price decreases by more than 25 percent from your base reference price as calculated under this paragraph.

(1) Your current reference price is a weighted-average of daily closing prices on the NYMEX for light sweet crude oil and natural gas over the most recent full 12 calendar months;

(2) Your base reference price is a weighted average of daily closing prices on the NYMEX for light sweet crude oil and natural gas for the full 12 calendar months preceding the date of your most recently approved application for this royalty relief; and

(3) The weighting factors are the proportions of the total production volume (in BOE) for oil and gas associated with the most likely scenario (identified in §§ 203.85 and 203.88) from your most recently approved application for this royalty relief.

(d) Before starting to build your development and production system, you have revised your estimated development costs, and they are more than 120 percent of the eligible development costs associated with the most likely

scenario from your most recently approved application for this royalty relief.

§ 203.75 What risk do I run if I request a redetermination?

If you request a redetermination after we have granted you a suspension volume, you could lose some or all of the previously granted relief. This can happen because you must file a new complete application and pay the required fee, as discussed in § 203.62. We will evaluate your application under § 203.67 using the conditions prevailing at the time of your redetermination request. In our evaluation, we may find that you should receive a larger, equivalent, smaller, or no suspension volume. This means we could find that you do not qualify for the amount of relief previously granted or for any relief at all.

§ 203.76 When might BSEE withdraw or reduce the approved size of my relief?

We will withdraw approval of relief for any of the following reasons.

(a) You change the type of development system proposed in your application (e.g., change from a fixed platform to floating production system, or from an independent development and production system to one with subsea wells tied back to a host production facility, *etc.*).

(b) You do not start building the proposed development and production system within 18 months of the date we approved your application, unless the BSEE Director grants you an extension under § 203.79(c). If you start building the proposed system and then suspend its construction before completion, and you do not restart continuous building of the proposed system within 18 months of our approval, we will withdraw the relief we granted.

(c) Your actual development costs are less than 80 percent of the eligible development costs estimated in your application's most likely scenario, and you do not report that fact in your post-production development report (§ 203.70). Development costs are those expenditures defined in § 203.89(b) incurred between the application submission date and start of production. If you report this fact in the post-production development report, you may retain the lesser of 50 percent of the original royalty suspension volume or 50 percent of the median of the distribution of the potentially recoverable resources anticipated in your application.

(d) We granted you a royalty-suspension volume after you qualified for a redetermination under § 203.74(c), and we find out your actual development costs are less than 90 percent of the eligible development costs associated with your application's most likely scenario. Development costs are those expenditures defined in § 203.89(b) incurred between your application submission date and start of production.

(e) You do not send us the fabrication confirmation report or the post-production development report, or you provide false or intentionally inaccurate information that was material to our granting royalty relief under this section. You must pay royalties and late-payment interest determined under 30 U.S.C. 1721 and 30 CFR 1218.54 on all volumes for which you used the royalty suspension. You also may be subject to penalties under other provisions of law.

§ 203.77 May I voluntarily give up relief if conditions change?

Yes, you may voluntarily give up relief by sending a letter to that effect to the BSEE Regional office for your region.

§ 203.78 Do I keep relief approved by BSEE under this part for my lease, unit or project if prices rise significantly?

If prices rise above a base price threshold for light sweet crude oil or natural gas, you must pay full royalties on production otherwise subject to royalty relief approved by BSEE under §§ 203.60–203.77 for your lease, unit or project as prescribed in this section.

(a) The following table shows the base price threshold for various types of leases, subject to paragraph (b) of this section. Note that, for post-November 2000 deepwater leases in the GOM, price thresholds apply on a lease basis, so different leases on the same development project or expansion

project approved for royalty relief may have different price thresholds.

For . . .	The base price threshold is . . .
(1) Pre-Act leases in the GOM,	set by statute.
(2) Post-November 2000 deep water leases in the GOM or leases offshore of Alaska for which the lease or Notice of Sale set a base price threshold,	indicated in your original lease agreement or, if none, those in the Notice of Sale under which your lease was issued.
(3) Post-November 2000 deep water leases in the GOM or leases offshore of Alaska for which the lease or Notice of Sale did not set a base price threshold,	the threshold set by statute for pre-Act leases.

(b) An exception may occur if we determine that the price thresholds in paragraphs (a)(2) or (a)(3) of this section mean the royalty suspension volume set under § 203.69 and in lease terms would provide inadequate encouragement to increase production or development, in which circumstance we could specify a different set of price thresholds on a case-by-case basis.

(c) Suppose your base oil price threshold set under paragraph (a) is $28.00 per barrel, and the daily closing NYMEX light sweet crude oil prices for the previous calendar year exceeds $28.00 per barrel, as adjusted in paragraph (h) of this section. In this case, we retract the royalty relief authorized in this subpart and you must:

(1) Pay royalties on all oil production for the previous year at the lease stipulated royalty rate plus interest (under 30 U.S.C. 1721 and 30 CFR 1218.54) by March 31 of the current calendar year, and

(2) Pay royalties on all your oil production in the current year.

(d) Suppose your base gas price threshold set under paragraph (a) is $3.50 per million British thermal units (Btu), and the daily closing NYMEX light sweet crude oil prices for the previous calendar year exceeds $3.50 per million Btu, as adjusted in paragraph (h) of this section. In this case, we retract the royalty relief authorized in this subpart and you must:

(1) Pay royalties on all gas production for the previous year at the lease stipulated royalty rate plus interest (under 30 U.S.C. 1721 and 30 CFR 1218.54) by March 31 of the current calendar year, and

(2) Pay royalties on all your gas production in the current year.

(e) Production under both paragraphs (c) and (d) of this section counts as part of the royalty-suspension volume.

(f) You are entitled to a refund or credit, with interest, of royalties paid on any production (that counts as part of the royalty-suspension volume):

(1) Of oil if the arithmetic average of the closing prices for the current calendar year is $28.00 per barrel or less, as adjusted in paragraph (h) of this section, and

(2) Of gas if the arithmetic average of the closing natural gas prices for the current calendar year is $3.50 per million Btu or less, as adjusted in paragraph (h) of this section.

(g) You must follow our regulations in the Office of Natural Resources Revenue, 30 CFR chapter XII, for receiving refunds or credits.

(h) We change the prices referred to in paragraphs (c), (d), and (f) of this section periodically. For pre-Act leases, these prices change during each calendar year after 1994 by the percentage that the implicit price deflator for the gross domestic product changed during the preceding calendar year. For post-November 2000 deepwater leases, these prices change as indicated in the lease instrument or in the Notice of Sale under which we issued the lease.

§ 203.79 How do I appeal BSEE's decisions related to royalty relief for a deepwater lease or a development or expansion project?

(a) Once we have designated your lease as part of a field and notified you and other affected operators of the designation, you can request reconsideration by sending the BSEE Director a letter within 15 days that also states your reasons. The BSEE Director's response is the final agency action.

(b) Our decisions on your application for relief from paying royalty under § 203.67 and the royalty-suspension volumes under § 203.69 are final agency actions.

(c) If you cannot start construction by the deadline in § 203.76(b) for reasons beyond your control (e.g., strike at the fabrication yard), you may request an extension up to 1 year by writing the BSEE Director and stating your reasons. The BSEE Director's response is the final agency action.

(d) We will notify you of all final agency actions by certified mail, return receipt requested. Final agency actions are not subject to appeal to the Interior Board of Land Appeals under 30 CFR part 290 and 43 CFR part 4. They are judicially reviewable under section 10(a) of the Administrative Procedure Act (5 U.S.C. 702) *only* if you file an action within 30 days of the date you receive our decision.

§ 203.80 When can I get royalty relief if I am not eligible for royalty relief under other sections in the subpart?

We may grant royalty relief when it serves the statutory purposes summarized in § 203.1 and our formal relief programs, including but not limited to the applicable levels of the royalty suspension volumes and price thresholds, provide inadequate encouragement to promote development or increase production. Unless your lease lies offshore of Alaska or wholly west of 87 degrees, 30 minutes West longitude in the GOM, your lease must be producing to qualify for relief. Before you may apply for royalty relief apart from our programs for end-of-life leases or for pre-Act deep water leases and development and expansion projects, we must agree that your lease or project has two or more of the following characteristics:

(a) The lease has produced for a substantial period and the lessee can recover significant additional resources. Significant additional resources mean enough to allow production for at least a year more than would be profitable without royalty relief.

(b) Valuable facilities (e.g., a platform or pipeline that would be removed upon lease relinquishment) exist that we do not expect a successor lessee to use. If the facilities are located off the lease, their preservation must depend on continued production from the lease applying for royalty relief. We will only consider an allocable share of costs for off-lease facilities in the relief application.

(c) A substantial risk exists that no new lessee will recover the resources.

(d) The lessee made major efforts to reduce operating costs too recently to use the formal program for royalty relief (e.g., recent significant change in operations).

(e) Circumstances beyond the lessee's control, other than water depth, preclude reliance on one of the existing royalty relief programs.

REQUIRED REPORTS

§ 203.81 What supplemental reports do royalty-relief applications require?

(a) You must send us the supplemental reports, indicated in the following table by an X, that apply to your field. Sections 203.83 through 203.91 describe these reports in detail.

Required reports	End-of-life lease	Deep water		
		Expansion project	Pre-act lease	Development project
(1) Administrative information Report	X	X	X	X
(2) Net revenue & relief justification report	X			
(3) Economic viability & relief justification report (RSVP model inputs justified by other required reports)		X	X	X
(4) G&G report		X	X	X
(5) Engineering report		X	X	X
(6) Production report		X	X	X
(7) Deep water cost report		X	X	X
(8) Fabricator's confirmation report		X	X	X
(9) Post-production development report		X	X	X

(b) You must certify that all information in your application, fabricator's confirmation and post-production development reports is accurate, complete, and conforms to the most recent content and presentation guidelines available from the BSEE Regional office for your region.

(c) With your application and post-production development report, you must submit an additional report prepared by an independent CPA that:

(1) Assesses the accuracy of the historical financial information in your report; and

(2) Certifies that the content and presentation of the financial data and information conform to our most recent guidelines on royalty relief. This means the data and information must:

(i) Include only eligible costs that are incurred during the qualification months; and

(ii) Be shown in the proper format.

(d) You must identify the people in the CPA firm who prepared the reports referred to in paragraph (c) of this section and make them available to us to respond to questions about the historical financial information. We may also further review your records to support this information.

§ 203.82 What is BSEE's authority to collect this information?

The Office of Management and Budget (OMB) approved the information collection requirements in part 203 under 44 U.S.C. 3501 *et seq.*, and assigned OMB control number 1010–0071.

(a) We use the information to determine whether royalty relief will result in production that wouldn't otherwise occur. We rely largely on your information to make these determinations.

(1) Your application for royalty relief must contain enough information on finances, economics, reservoirs, G&G characteristics, production, and engineering estimates for us to determine whether:

(i) We should grant relief under the law, and

(ii) The requested relief will ultimately recover more resources and return a reasonable profit on project investments.

(2) Your fabricator confirmation and post-production development reports must contain enough information for us to verify that your application reasonably represented your plans.

(b) Applicants (respondents) are Federal OCS oil and gas lessees. Applications are required to obtain or retain a benefit. Therefore, if you apply for royalty relief, you must provide this information. We will protect information considered proprietary under applicable law and under regulations at § 203.63 and 30 CFR part 250.

(c) The Paperwork Reduction Act of 1995 requires us to inform you that we may not conduct or sponsor, and you are not required to respond to, a collection of information unless it displays a currently valid OMB control number.

(d) Send comments regarding any aspect of the collection of information under this part, including suggestions for reducing the burden, to the Information Collection Clearance Officer, Bureau of Safety and Environmental Enforcement, 381 Elden Street, Herndon, VA 20170.

§ 203.83 What is in an administrative information report?

This report identifies the field or lease for which royalty relief is requested and must contain the following items:

(a) The field or lease name;

(b) The serial number of leases we have assigned to the field, names of the lease title holders of record, the lease operators, and whether any lease is part of a unit;

(c) Well number, API number, location, and status of each well that has been drilled on the field or lease or project (not required for non-oil and gas leases);

(d) The location of any new wells proposed under the terms of the application (not required for non-oil and gas leases);

(e) A description of field or lease history;

(f) Full information as to whether you will pay royalties or a share of production to anyone other than the United States, the amount you will pay, and how much you will reduce this payment if we grant relief;

(g) The type of royalty relief you are requesting;

(h) Confirmation that BOEM approved a DOCD or supplemental DOCD (Deep Water expansion project applications only); and

(i) A narrative description of the development activities associated with the proposed capital investments and an explanation of proposed timing of the activities and the effect on production (Deep Water applications only).

§ 203.84 What is in a net revenue and relief justification report?

This report presents cash flow data for 12 qualifying months, using the format specified in the ''Guidelines for the Application, Review, Approval, and Administration of Royalty Relief for End-of-Life Leases'', U.S. Department of the Interior, BSEE. Qualifying months for an oil and gas lease are the most recent 12 months out of the last 15 months that you produced at least 100 BOE per day on average. Qualifying months for other than oil and gas leases are the most recent 12 of the last 15 months having some production.

(a) The cash flow table you submit must include historical data for:

(1) Lease production subject to royalty;

(2) Total revenues;

(3) Royalty payments out of production;

(4) Total allowable costs; and

(5) Transportation and processing costs.

(b) Do not include in your cash flow table the non-allowable costs listed at 30 CFR 1220.013 or:

(1) OCS rental payments on the lease(s) in the application;

(2) Damages and losses;

(3) Taxes;

(4) Any costs associated with exploratory activities;

(5) Civil or criminal fines or penalties;

(6) Fees for your royalty relief application; and

(7) Costs associated with existing obligations (e.g., royalty overrides or other forms of payment for acquiring the lease, depreciation on previously acquired equipment or facilities).

(c) We may, in reviewing and evaluating your application, disallow costs when you have not shown they are necessary to operate the lease, or if they are inconsistent with end-of-life operations.

§ 203.85 What is in an economic viability and relief justification report?

This report should show that your project appears economic without royalties and sunk costs using the RSVP model we provide. The format of the report and the assumptions and parameters we specify are found in the ''Guidelines for the Application, Review, Approval and Administration of the Deep Water Royalty Relief Program,'' U.S. Department of the Interior, BSEE. Clearly justify each parameter you set in every scenario you specify in the RSVP. You may provide supplemental information, including your own model and results. The economic viability and relief justification report must contain the following items for an oil and gas lease.

(a) Economic assumptions we provide which include:

(1) Starting oil and gas prices;

(2) Real price growth;

(3) Real cost growth or decline rate, if any;

(4) Base year;

(5) Range of discount rates; and

(6) Tax rate (for use in determining after-tax sunk costs).

(b) Analysis of projected cash flow (from the date of the application using annual totals and constant dollar values) which shows:

(1) Oil and gas production;

(2) Total revenues;

(3) Capital expenditures;

(4) Operating costs;

(5) Transportation costs; and

(6) Before-tax net cash flow without royalties, overrides, sunk costs, and ineligible costs.

(c) Discounted values which include:

(1) Discount rate used (selected from within the range we specify).

(2) Before-tax net present value without royalties, overrides, sunk costs, and ineligible costs.

(d) Demonstrations that:

(1) All costs, gross production, and scheduling are consistent with the data in the G&G, engineering, production, and cost reports (§§ 203.86 through 203.89) and

(2) The development and production scenarios provided in the various reports are consistent with each other and with the proposed development system. You can use up to three scenarios (conservative, most likely, and optimistic), but you must link each to a specific range on the distribution of resources from the RSVP Resource Module.

§ 203.86 What is in a G&G report?

This report supports the reserve and resource estimates used in the economic evaluation and must contain each of the following elements.

(a) Seismic data which includes:

(1) Non-interpreted 2D/3D survey lines reflecting any available state-of-the-art processing technique in a format readable by BSEE and specified by the deep water royalty relief guidelines;

(2) Interpreted 2D/3D seismic survey lines reflecting any available state-of-the-art processing technique identifying all known and prospective pay horizons, wells, and fault cuts;

(3) Digital velocity surveys in the format of the GOM region's letter to lessees of 10/1/90;

(4) Plat map of ''shot points;'' and

(5) ''Time slices'' of potential horizons.

(b) Well data which includes:

(1) Hard copies of all well logs in which—

(i) The 1-inch electric log shows pay zones and pay counts and lithologic and paleo correlation markers at least every 500-feet,

(ii) The 1-inch type log shows missing sections from other logs where faulting occurs,

(iii) The 5-inch electric log shows pay zones and pay counts and labeled points used in establishing resistivity of the formation, 100 percent water saturated (R_o) and the resistivity of the undisturbed formation (R_t), and

(iv) The 5-inch porosity logs show pay zones and pay counts and labeled points used in establishing reservoir porosity or labeled points showing values used in calculating reservoir porosity such as bulk density or transit time;

(2) Digital copies of all well logs spudded before December 1, 1995;

(3) Core data, if available;

(4) Well correlation sections;

(5) Pressure data;

(6) Production test results;

(7) Pressure-volume-temperature analysis, if available; and

(8) A table listing the wells and completions, and indicating which sands and fault blocks will be targeted for completion or recompletion.

(c) Map interpretations which includes for each reservoir in the field:

(1) Structure maps consisting of top and base of sand maps showing well and seismic shot point locations;

(2) Isopach maps for net sand, net oil, net gas, all with well locations;

(3) Maps indicating well surface and bottom hole locations, location of development facilities, and shot points; and

(4) An explanation for excluding the reservoirs you are not planning to develop.

(d) Reservoir-specific data which includes:

(1) Probability of reservoir occurrence with hydrocarbons;

(2) Probability the hydrocarbon in the reservoir is all oil and the probability it is all gas;

(3) Distributions or point estimates (accompanied by explanations of why distributions less appropriately reflect the uncertainty) for the parameters used to estimate reservoir size, *i.e.*, acres and net thickness;

(4) Most likely values for porosity, salt water saturation, volume factor for oil formation, and volume factor for gas formation;

(5) Distributions or point estimates (accompanied by explanations of why distributions less appropriately reflect the uncertainty) for recovery efficiency (in percent) and oil or gas recovery (in stock-tank-barrels per acre-foot or in thousands of cubic feet per acre foot);

(6) A gas/oil ratio distribution or point estimate (accompanied by explanations of why distributions less appropriately reflect the uncertainty) for each reservoir;

(7) A yield distribution or point estimate (accompanied by explanations of why distributions less appropriately reflect the uncertainty) for each gas reservoir; and

(8) Reserve or resource distribution by reservoir.

(e) Aggregated reserve and resource data which includes:

(1) The aggregated distributions for reserves and resources (in BOE) and oil fraction for your field computed by the resource module of our RSVP model;

(2) A description of anticipated hydrocarbon quality (*i.e.*, specific gravity); and

(3) The ranges within the aggregated distribution for reserves and resources that define the development and production scenarios presented in the engineering and production reports. Typically there will be three ranges specified by two positive reserve and resource points on the aggregated distribution. The range at the low end of the distribution will be associated with the conservative development and production scenario; the middle range will be related to the most likely development and production scenario; and, the high end range will be consistent with the optimistic development and production scenario.

§ 203.87 What is in an engineering report?

This report defines the development plan and capital requirements for the economic evaluation and must contain the following elements.

(a) A description of the development concept (e.g., tension leg platform, fixed platform, floater type, subsea tieback, *etc.*) which includes:

(1) Its size along with basic design specifications and drawings; and

(2) The construction schedule.

(b) An identification of planned wells which includes:

(1) The number;

(2) The type (platform, subsea, vertical, deviated, horizontal);

(3) The well depth;

(4) The drilling schedule;

(5) The kind of completion (single, dual, horizontal, *etc.*); and

(6) The completion schedule.

(c) A description of the production system equipment which includes:

(1) The production capacity for oil and gas and a description of limiting component(s);

(2) Any unusual problems (low gravity, paraffin, *etc.*);

(3) All subsea structures;

(4) All flowlines; and

(5) Schedule for installing the production system.

(d) A discussion of any plans for multi-phase development which includes the conceptual basis for developing in phases and goals or milestones required for starting later phases.

(e) A set of development scenarios consisting of activity timing and scale associated with each of up to three production profiles (conservative, most likely, optimistic) provided in the production report for your field (§ 203.88). Each development scenario and production profile must denote the likely events should the field size turn out to be within a range represented by one of the three segments of the field size distribution. If you send in fewer than three scenarios, you must explain why fewer scenarios are more efficient across the whole field size distribution.

§ 203.88 What is in a production report?

This report supports your development and production timing and product quality expectations and must contain the following elements.

(a) Production profiles by well completion and field that specify the actual and projected production by year for each of the following products: oil, condensate, gas, and associated gas. The production from each profile must be consistent with a specific level of reserves and resources on the aggregated distribution of field size.

(b) Production drive mechanisms for each reservoir.

§ 203.89 What is in a cost report?

This report lists all actual and projected costs for your field, must explain and document the source of each cost estimate, and must identify the following elements.

(a) *Sunk costs.* Report sunk costs in dollars not adjusted for inflation and only if you have documentation.

(b) *Appraisal, delineation and development costs.* Base them on actual spending, current authorization for expenditure, engineering estimates, or analogous projects. These costs cover:

(1) Platform well drilling and average depth;

(2) Platform well completion;

(3) Subsea well drilling and average depth;

(4) Subsea well completion;

(5) Production system (platform); and

(6) Flowline fabrication and installation.

(c) *Production costs based on historical costs, engineering estimates, or analogous projects*. These costs cover:

(1) Operation;

(2) Equipment; and

(3) Existing royalty overrides (we will not use the royalty overrides in evaluations).

(d) *Transportation costs, based on historical costs, engineering estimates, or analogous projects*. These costs cover:

(1) Oil or gas tariffs from pipeline or tankerage;

(2) Trunkline and tieback lines; and

(3) Gas plant processing for natural gas liquids.

(e) *Abandonment costs, based on historical costs, engineering estimates, or analogous projects*. You should provide the costs to plug and abandon only wells and to remove only production systems for which you have not incurred costs as of the time of application submission. You should also include a point estimate or distribution of prospective salvage value for all potentially reusable facilities and materials, along with the source and an explanation of the figures provided.

(f) *A set of cost estimates consistent with each one of up to three field-development scenarios and production profiles (conservative, most likely, optimistic)*. You should express costs in constant real dollar terms for the base year. You may also express the uncertainty of each cost estimate with a minimum and maximum percentage of the base value.

(g) *A spending schedule*. You should provide costs for each year (in real dollars) for each category in paragraphs (a) through (f) of this section.

(h) *A summary of other costs which are ineligible for evaluating your need for relief*. These costs cover:

(1) Expenses before first discovery on the field;

(2) Cash bonuses;

(3) Fees for royalty relief applications;

(4) Lease rentals, royalties, and payments of net profit share and net revenue share;

(5) Legal expenses;

(6) Damages and losses;

(7) Taxes;

(8) Interest or finance charges, including those embedded in equipment leases;

(9) Fines or penalties; and

(10) Money spent on previously existing obligations (e.g., royalty overrides or other forms of payment for acquiring a financial position in a lease, expenditures for plugging wells and removing and abandoning facilities that existed on the application submission date).

§ 203.90 What is in a fabricator's confirmation report?

This report shows you have committed in a timely way to the approved system for production. This report must include the following (or its equivalent for unconventionally acquired systems):

(a) A copy of the contract(s) under which the fabrication yard is building the approved system for you;

(b) A letter from the contractor building the system to the BSEE Regional Director for your region certifying when construction started on your system; and

(c) Evidence of an appropriate down payment or equal action that you've started acquiring the approved system.

§ 203.91 What is in a post-production development report?

For each cost category in the deep water cost report, you must compare actual costs up to the date when production starts to your planned pre-production costs. If your application included more than one development scenario, you need to compare actual costs with those in your scenario of most likely development. Also, you must have this report certified by an independent CPA according to § 203.81(c).

Subpart C—Federal and Indian Oil [Reserved]

Subpart D—Federal and Indian Gas [Reserved]

Subpart E—Solid Minerals, General [Reserved]

Subpart F [Reserved]

Subpart G—Other Solid Minerals [Reserved]

Subpart H—Geothermal Resources [Reserved]

Subpart I—OCS Sulfur [Reserved]

SUBCHAPTER B—OFFSHORE

PART 250—OIL AND GAS AND SULPHUR OPERATIONS IN THE OUTER CONTINENTAL SHELF

Subpart A—General

AUTHORITY AND DEFINITION OF TERMS

Sec.
250.101 Authority and applicability.
250.102 What does this part do?
250.103 Where can I find more information about the requirements in this part?
250.104 How may I appeal a decision made under BSEE regulations?
250.105 Definitions.

PERFORMANCE STANDARDS

250.106 What standards will the Director use to regulate lease operations?
250.107 What must I do to protect health, safety, property, and the environment?
250.108 What requirements must I follow for cranes and other material-handling equipment?
250.109 What documents must I prepare and maintain related to welding?
250.110 What must I include in my welding plan?
250.111 Who oversees operations under my welding plan?
250.112 What standards must my welding equipment meet?
250.113 What procedures must I follow when welding?
250.114 How must I install and operate electrical equipment?
250.115–250.117 [Reserved]
250.118 Will BSEE approve gas injection?
250.119 [Reserved]
250.120 How does injecting, storing, or treating gas affect my royalty payments?
250.121 What happens when the reservoir contains both original gas in place and injected gas?
250.122 What effect does subsurface storage have on the lease term?
250.123 [Reserved]
250.124 Will BSEE approve gas injection into the cap rock containing a sulphur deposit?

FEES

250.125 Service fees.
250.126 Electronic payment instructions.

INSPECTION OF OPERATIONS

250.130 Why does BSEE conduct inspections?
250.131 Will BSEE notify me before conducting an inspection?
250.132 What must I do when BSEE conducts an inspection?
250.133 Will BSEE reimburse me for my expenses related to inspections?

DISQUALIFICATION

250.135 What will BSEE do if my operating performance is unacceptable?
250.136 How will BSEE determine if my operating performance is unacceptable?

SPECIAL TYPES OF APPROVALS

250.140 When will I receive an oral approval?
250.141 May I ever use alternate procedures or equipment?
250.142 How do I receive approval for departures?
250.143–250.144 [Reserved]
250.145 How do I designate an agent or a local agent?
250.146 Who is responsible for fulfilling leasehold obligations?

NAMING AND IDENTIFYING FACILITIES AND WELLS (DOES NOT INCLUDE MODUS)

250.150 How do I name facilities and wells in the Gulf of Mexico Region?
250.151 How do I name facilities in the Pacific Region?
250.152 How do I name facilities in the Alaska Region?
250.153 Do I have to rename an existing facility or well?
250.154 What identification signs must I display?
250.160–250.167 [Reserved]

SUSPENSIONS

250.168 May operations or production be suspended?
250.169 What effect does suspension have on my lease?
250.170 How long does a suspension last?
250.171 How do I request a suspension?
250.172 When may the Regional Supervisor grant or direct an SOO or SOP?
250.173 When may the Regional Supervisor direct an SOO or SOP?
250.174 When may the Regional Supervisor grant or direct an SOP?
250.175 When may the Regional Supervisor grant an SOO?
250.176 Does a suspension affect my royalty payment?
250.177 What additional requirements may the Regional Supervisor order for a suspension?

PRIMARY LEASE REQUIREMENTS, LEASE TERM EXTENSIONS, AND LEASE CANCELLATIONS

250.180 What am I required to do to keep my lease term in effect?

250.181–250.185 [Reserved]

INFORMATION AND REPORTING REQUIREMENTS

250.186 What reporting information and report forms must I submit?
250.187 What are BSEE's incident reporting requirements?
250.188 What incidents must I report to BSEE and when must I report them?
250.189 Reporting requirements for incidents requiring immediate notification.
250.190 Reporting requirements for incidents requiring written notification.
250.191 How does BSEE conduct incident investigations?
250.192 What reports and statistics must I submit relating to a hurricane, earthquake, or other natural occurrence?
250.193 Reports and investigations of apparent violations.
250.194 How must I protect archaeological resources?
250.195 What notification does BSEE require on the production status of wells?
250.196 Reimbursements for reproduction and processing costs.
250.197 Data and information to be made available to the public or for limited inspection.

REFERENCES

250.198 Documents incorporated by reference.
250.199 Paperwork Reduction Act statements—information collection.

Subpart B—Plans and Information

GENERAL INFORMATION

250.200 Definitions.
250.201 What plans and information must I submit before I conduct any activities on my lease or unit?
250.202–250.203 [Reserved]
250.204 How must I protect the rights of the Federal government?
250.205 Are there special requirements if my well affects an adjacent property?

POST-APPROVAL REQUIREMENTS FOR THE EP, DPP, AND DOCD

250.282 Do I have to conduct post-approval monitoring?

DEEPWATER OPERATIONS PLANS (DWOP)

250.286 What is a DWOP?
250.287 For what development projects must I submit a DWOP?
250.288 When and how must I submit the Conceptual Plan?
250.289 What must the Conceptual Plan contain?
250.290 What operations require approval of the Conceptual Plan?
250.291 When and how must I submit the DWOP?
250.292 What must the DWOP contain?
250.293 What operations require approval of the DWOP?
250.294 May I combine the Conceptual Plan and the DWOP?
250.295 When must I revise my DWOP?

Subpart C—Pollution Prevention and Control

250.300 Pollution prevention.
250.301 Inspection of facilities.

Subpart D—Oil and Gas Drilling Operations

GENERAL REQUIREMENTS

250.400 Who is subject to the requirements of this subpart?
250.401 What must I do to keep wells under control?
250.402 When and how must I secure a well?
250.403 What drilling unit movements must I report?
250.404 What are the requirements for the crown block?
250.405 What are the safety requirements for diesel engines used on a drilling rig?
250.406 What additional safety measures must I take when I conduct drilling operations on a platform that has producing wells or has other hydrocarbon flow?
250.407 What tests must I conduct to determine reservoir characteristics?
250.408 May I use alternative procedures or equipment during drilling operations?
250.409 May I obtain departures from these drilling requirements?

APPLYING FOR A PERMIT TO DRILL

250.410 How do I obtain approval to drill a well?
250.411 What information must I submit with my application?
250.412 What requirements must the location plat meet?
250.413 What must my description of well drilling design criteria address?
250.414 What must my drilling prognosis include?
250.415 What must my casing and cementing programs include?
250.416 What must I include in the diverter and BOP descriptions?
250.417 What must I provide if I plan to use a mobile offshore drilling unit (MODU)?
250.418 What additional information must I submit with my APD?

CASING AND CEMENTING REQUIREMENTS

250.420 What well casing and cementing requirements must I meet?
250.421 What are the casing and cementing requirements by type of casing string?
250.422 When may I resume drilling after cementing?

250.423 What are the requirements for pressure testing casing?
250.424 What are the requirements for prolonged drilling operations?
250.425 What are the requirements for pressure testing liners?
250.426 What are the recordkeeping requirements for casing and liner pressure tests?
250.427 What are the requirements for pressure integrity tests?
250.428 What must I do in certain cementing and casing situations?

DIVERTER SYSTEM REQUIREMENTS

250.430 When must I install a diverter system?
250.431 What are the diverter design and installation requirements?
250.432 How do I obtain a departure to diverter design and installation requirements?
250.433 What are the diverter actuation and testing requirements?
250.434 What are the recordkeeping requirements for diverter actuations and tests?

BLOWOUT PREVENTER (BOP) SYSTEM REQUIREMENTS

250.440 What are the general requirements for BOP systems and system components?
250.441 What are the requirements for a surface BOP stack?
250.442 What are the requirements for a subsea BOP system?
250.443 What associated systems and related equipment must all BOP systems include?
250.444 What are the choke manifold requirements?
250.445 What are the requirements for kelly valves, inside BOPs, and drill-string safety valves?
250.446 What are the BOP maintenance and inspection requirements?
250.447 When must I pressure test the BOP system?
250.448 What are the BOP pressure tests requirements?
250.449 What additional BOP testing requirements must I meet?
250.450 What are the recordkeeping requirements for BOP tests?
250.451 What must I do in certain situations involving BOP equipment or systems?

DRILLING FLUID REQUIREMENTS

250.455 What are the general requirements for a drilling fluid program?
250.456 What safe practices must the drilling fluid program follow?
250.457 What equipment is required to monitor drilling fluids?
250.458 What quantities of drilling fluids are required?
250.459 What are the safety requirements for drilling fluid-handling areas?

OTHER DRILLING REQUIREMENTS

250.460 What are the requirements for conducting a well test?
250.461 What are the requirements for directional and inclination surveys?
250.462 What are the requirements for well-control drills?
250.463 Who establishes field drilling rules?

APPLYING FOR A PERMIT TO MODIFY AND WELL RECORDS

250.465 When must I submit an Application for Permit to Modify (APM) or an End of Operations Report to BSEE?
250.466 What records must I keep?
250.467 How long must I keep records?
250.468 What well records am I required to submit?
250.469 What other well records could I be required to submit?

HYDROGEN SULFIDE

250.490 Hydrogen sulfide.

Subpart E—Oil and Gas Well-Completion Operations

250.500 General requirements.
250.501 Definition.
250.502 Equipment movement.
250.503 Emergency shutdown system.
250.504 Hydrogen sulfide.
250.505 Subsea completions.
250.506 Crew instructions.
250.507–250.508 [Reserved]
250.509 Well-completion structures on fixed platforms.
250.510 Diesel engine air intakes.
250.511 Traveling-block safety device.
250.512 Field well-completion rules.
250.513 Approval and reporting of well-completion operations.
250.514 Well-control fluids, equipment, and operations.
250.515 Blowout prevention equipment.
250.516 Blowout preventer system tests, inspections, and maintenance.
250.517 Tubing and wellhead equipment.

CASING PRESSURE MANAGEMENT

250.518 What are the requirements for casing pressure management?
250.519 How often do I have to monitor for casing pressure?
250.520 When do I have to perform a casing diagnostic test?
250.521 How do I manage the thermal effects caused by initial production on a newly completed or recompleted well?
250.522 When do I have to repeat casing diagnostic testing?
250.523 How long do I keep records of casing pressure and diagnostic tests?

250.524 When am I required to take action from my casing diagnostic test?
250.525 What do I submit if my casing diagnostic test requires action?
250.526 What must I include in my notification of corrective action?
250.527 What must I include in my casing pressure request?
250.528 What are the terms of my casing pressure request?
250.529 What if my casing pressure request is denied?
250.530 When does my casing pressure request approval become invalid?

Subpart F—Oil and Gas Well-Workover Operations

250.600 General requirements.
250.601 Definitions.
250.602 Equipment movement.
250.603 Emergency shutdown system.
250.604 Hydrogen sulfide.
250.605 Subsea workovers.
250.606 Crew instructions.
250.607–250.608 [Reserved]
250.609 Well-workover structures on fixed platforms.
250.610 Diesel engine air intakes.
250.611 Traveling-block safety device.
250.612 Field well-workover rules.
250.613 Approval and reporting for well-workover operations.
250.614 Well-control fluids, equipment, and operations.
250.615 Blowout prevention equipment.
250.616 Blowout preventer system testing, records, and drills.
250.617 What are my BOP inspection and maintenance requirements?
250.618 Tubing and wellhead equipment.
250.619 Wireline operations.

Subpart G [Reserved]

Subpart H—Oil and Gas Production Safety Systems

250.800 General requirements.
250.801 Subsurface safety devices.
250.802 Design, installation, and operation of surface production-safety systems.
250.803 Additional production system requirements.
250.804 Production safety-system testing and records.
250.805 Safety device training.
250.806 Safety and pollution prevention equipment quality assurance requirements.
250.807 Additional requirements for subsurface safety valves and related equipment installed in high pressure high temperature (HPHT) environments.
250.808 Hydrogen sulfide.

Subpart I—Platforms and Structures

GENERAL REQUIREMENTS FOR PLATFORMS

250.900 What general requirements apply to all platforms?
250.901 What industry standards must your platform meet?
250.902 What are the requirements for platform removal and location clearance?
250.903 What records must I keep?

PLATFORM APPROVAL PROGRAM

250.904 What is the Platform Approval Program?
250.905 How do I get approval for the installation, modification, or repair of my platform?
250.906 What must I do to obtain approval for the proposed site of my platform?
250.907 Where must I locate foundation boreholes?
250.908 What are the minimum structural fatigue design requirements?

PLATFORM VERIFICATION PROGRAM

250.909 What is the Platform Verification Program?
250.910 Which of my facilities are subject to the Platform Verification Program?
250.911 If my platform is subject to the Platform Verification Program, what must I do?
250.912 What plans must I submit under the Platform Verification Program?
250.913 When must I resubmit Platform Verification Program plans?
250.914 How do I nominate a CVA?
250.915 What are the CVA's primary responsibilities?
250.916 What are the CVA's primary duties during the design phase?
250.917 What are the CVA's primary duties during the fabrication phase?
250.918 What are the CVA's primary duties during the installation phase?

INSPECTION, MAINTENANCE, AND ASSESSMENT OF PLATFORMS

250.919 What in-service inspection requirements must I meet?
250.920 What are the BSEE requirements for assessment of fixed platforms?
250.921 How do I analyze my platform for cumulative fatigue?

Subpart J—Pipelines and Pipeline Rights-of-Way

250.1000 General requirements.
250.1001 Definitions.
250.1002 Design requirements for DOI pipelines.
250.1003 Installation, testing, and repair requirements for DOI pipelines.
250.1004 Safety equipment requirements for DOI pipelines.

250.1005 Inspection requirements for DOI pipelines.
250.1006 How must I decommission and take out of service a DOI pipeline?
250.1007 What to include in applications.
250.1008 Reports.
250.1009 Requirements to obtain pipeline right-of-way grants.
250.1010 General requirements for pipeline right-of-way holders.
250.1011 [Reserved]
250.1012 Required payments for pipeline right-of-way holders.
250.1013 Grounds for forfeiture of pipeline right-of-way grants.
250.1014 When pipeline right-of-way grants expire.
250.1015 Applications for pipeline right-of-way grants.
250.1016 Granting pipeline rights-of-way.
250.1017 Requirements for construction under pipeline right-of-way grants.
250.1018 Assignment of pipeline right-of-way grants.
250.1019 Relinquishment of pipeline right-of-way grants.

Subpart K—Oil and Gas Production Requirements

GENERAL

250.1150 What are the general reservoir production requirements?

WELL TESTS AND SURVEYS

250.1151 How often must I conduct well production tests?
250.1152 How do I conduct well tests?
250.1153 [Reserved]

CLASSIFYING RESERVOIRS

250.1154–250.1155 [Reserved]

APPROVALS PRIOR TO PRODUCTION

250.1156 What steps must I take to receive approval to produce within 500 feet of a unit or lease line?
250.1157 How do I receive approval to produce gas-cap gas from an oil reservoir with an associated gas cap?
250.1158 How do I receive approval to downhole commingle hydrocarbons?

PRODUCTION RATES

250.1159 May the Regional Supervisor limit my well or reservoir production rates?

LARING, VENTING, AND BURNING HYDROCARBONS

250.1160 When may I flare or vent gas?
250.1161 When may I flare or vent gas for extended periods of time?
250.1162 When may I burn produced liquid hydrocarbons?
250.1163 How must I measure gas flaring or venting volumes and liquid hydrocarbon burning volumes, and what records must I maintain?
250.1164 What are the requirements for flaring or venting gas containing H_2S?

OTHER REQUIREMENTS

250.1165 What must I do for enhanced recovery operations?
250.1166 What additional reporting is required for developments in the Alaska OCS Region?
250.1167 What information must I submit with forms and for approvals?

Subpart L—Oil and Gas Production Measurement, Surface Commingling, and Security

250.1200 Question index table.
250.1201 Definitions.
250.1202 Liquid hydrocarbon measurement.
250.1203 Gas measurement.
250.1204 Surface commingling.
250.1205 Site security.

Subpart M—Unitization

250.1300 What is the purpose of this subpart?
250.1301 What are the requirements for unitization?
250.1302 What if I have a competitive reservoir on a lease?
250.1303 How do I apply for voluntary unitization?
250.1304 How will BSEE require unitization?

Subpart N—Outer Continental Shelf Civil Penalties

OUTER CONTINENTAL SHELF LANDS ACT CIVIL PENALTIES

250.1400 How does BSEE begin the civil penalty process?
250.1401 Index table.
250.1402 Definitions.
250.1403 What is the maximum civil penalty?
250.1404 Which violations will BSEE review for potential civil penalties?
250.1405 When is a case file developed?
250.1406 When will BSEE notify me and provide penalty information?
250.1407 How do I respond to the letter of notification?
250.1408 When will I be notified of the Reviewing Officer's decision?
250.1409 What are my appeal rights?

FEDERAL OIL AND GAS ROYALTY MANAGEMENT ACT CIVIL PENALTIES DEFINITIONS

250.1450 What definitions apply to this subpart?

PENALTIES AFTER A PERIOD TO CORRECT

250.1451 What may BSEE do if I violate a statute, regulation, order, or lease term relating to a Federal oil and gas lease?
250.1452 What if I correct the violation?
250.1453 What if I do not correct the violation?
250.1454 How may I request a hearing on the record on a Notice of Noncompliance?
250.1455 Does my request for a hearing on the record affect the penalties?
250.1456 May I request a hearing on the record regarding the amount of a civil penalty if I did not request a hearing on the Notice of Noncompliance?

PENALTIES WITHOUT A PERIOD TO CORRECT

250.1460 May I be subject to penalties without prior notice and an opportunity to correct?
250.1461 How will BSEE inform me of violations without a period to correct?
250.1462 How may I request a hearing on the record on a Notice of Noncompliance regarding violations without a period to correct?
250.1463 Does my request for a hearing on the record affect the penalties?
250.1464 May I request a hearing on the record regarding the amount of a civil penalty if I did not request a hearing on the Notice of Noncompliance?

GENERAL PROVISIONS

250.1470 How does BSEE decide what the amount of the penalty should be?
250.1471 Does the penalty affect whether I owe interest?
250.1472 How will the Office of Hearings and Appeals conduct the hearing on the record?
250.1473 How may I appeal the Administrative Law Judge's decision?
250.1474 May I seek judicial review of the decision of the Interior Board of Land Appeals?
250.1475 When must I pay the penalty?
250.1476 Can BSEE reduce my penalty once it is assessed?
250.1477 How may BSEE collect the penalty?

CRIMINAL PENALTIES

250.1480 May the United States criminally prosecute me for violations under Federal oil and gas leases?

BONDING REQUIREMENTS

250.1490 What standards must my BOEM-specified surety instrument meet?
250.1491 How will BOEM determine the amount of my bond or other surety instrument?

FINANCIAL SOLVENCY REQUIREMENTS

250.1495 How do I demonstrate financial solvency?
250.1496 How will BOEM determine if I am financially solvent?
250.1497 When will BOEM monitor my financial solvency?

Subpart O—Well Control and Production Safety Training

250.1500 Definitions.
250.1501 What is the goal of my training program?
250.1503 What are my general responsibilities for training?
250.1504 May I use alternative training methods?
250.1505 Where may I get training for my employees?
250.1506 How often must I train my employees?
250.1507 How will BSEE measure training results?
250.1508 What must I do when BSEE administers written or oral tests?
250.1509 What must I do when BSEE administers or requires hands-on, simulator, or other types of testing?
250.1510 What will BSEE do if my training program does not comply with this subpart?

Subpart P—Sulphur Operations

250.1600 Performance standard.
250.1601 Definitions.
250.1602 Applicability.
250.1603 Determination of sulphur deposit.
250.1604 General requirements.
250.1605 Drilling requirements.
250.1606 Control of wells.
250.1607 Field rules.
250.1608 Well casing and cementing.
250.1609 Pressure testing of casing.
250.1610 Blowout preventer systems and system components.
250.1611 Blowout preventer systems tests, actuations, inspections, and maintenance.
250.1612 Well-control drills.
250.1613 Diverter systems.
250.1614 Mud program.
250.1615 Securing of wells.
250.1616 Supervision, surveillance, and training.
250.1617 Application for permit to drill.
250.1618 Application for permit to modify.
250.1619 Well records.
250.1620 Well-completion and well-workover requirements.
250.1621 Crew instructions.
250.1622 Approvals and reporting of well-completion and well-workover operations.
250.1623 Well-control fluids, equipment, and operations.

250.1624 Blowout prevention equipment.
250.1625 Blowout preventer system testing, records, and drills.
250.1626 Tubing and wellhead equipment.
250.1627 Production requirements.
250.1628 Design, installation, and operation of production systems.
250.1629 Additional production and fuel gas system requirements.
250.1630 Safety-system testing and records.
250.1631 Safety device training.
250.1632 Production rates.
250.1633 Production measurement.
250.1634 Site security.

Subpart Q—Decommissioning Activities

GENERAL

250.1700 What do the terms ''decommissioning'', ''obstructions'', and ''facility'' mean?
250.1701 Who must meet the decommissioning obligations in this subpart?
250.1702 When do I accrue decommissioning obligations?
250.1703 What are the general requirements for decommissioning?
250.1704 When must I submit decommissioning applications and reports?

PERMANENTLY PLUGGING WELLS

250.1710 When must I permanently plug all wells on a lease?
250.1711 When will BSEE order me to permanently plug a well?
250.1712 What information must I submit before I permanently plug a well or zone?
250.1713 Must I notify BSEE before I begin well plugging operations?
250.1714 What must I accomplish with well plugs?
250.1715 How must I permanently plug a well?
250.1716 To what depth must I remove wellheads and casings?
250.1717 After I permanently plug a well, what information must I submit?

TEMPORARY ABANDONED WELLS

250.1721 If I temporarily abandon a well that I plan to re-enter, what must I do?
250.1722 If I install a subsea protective device, what requirements must I meet?
250.1723 What must I do when it is no longer necessary to maintain a well in temporary abandoned status?

REMOVING PLATFORMS AND OTHER FACILITIES

250.1725 When do I have to remove platforms and other facilities?
250.1726 When must I submit an initial platform removal application and what must it include?
250.1727 What information must I include in my final application to remove a platform or other facility?
250.1728 To what depth must I remove a platform or other facility?
250.1729 After I remove a platform or other facility, what information must I submit?
250.1730 When might BSEE approve partial structure removal or toppling in place?
250.1731 Who is responsible for decommissioning an OCS facility subject to an Alternate Use RUE?

SITE CLEARANCE FOR WELLS, PLATFORMS, AND OTHER FACILITIES

250.1740 How must I verify that the site of a permanently plugged well, removed platform, or other removed facility is clear of obstructions?
250.1741 If I drag a trawl across a site, what requirements must I meet?
250.1742 What other methods can I use to verify that a site is clear?
250.1743 How do I certify that a site is clear of obstructions?

PIPELINE DECOMMISSIONING

250.1750 When may I decommission a pipeline in place?
250.1751 How do I decommission a pipeline in place?
250.1752 How do I remove a pipeline?
250.1753 After I decommission a pipeline, what information must I submit?
250.1754 When must I remove a pipeline decommissioned in place?

Subpart R [Reserved]

Subpart S—Safety and Environmental Management Systems (SEMS)

250.1900 Must I have a SEMS program?
250.1901 What is the goal of my SEMS program?
250.1902 What must I include in my SEMS program?
250.1903 Definitions.
250.1904 Documents incorporated by reference.
250.1905–250.1908 [Reserved]
250.1909 What are management's general responsibilities for the SEMS program?
250.1910 What safety and environmental information is required?
250.1911 What criteria for hazards analyses must my SEMS program meet?
250.1912 What criteria for management of change must my SEMS program meet?
250.1913 What criteria for operating procedures must my SEMS program meet?
250.1914 What criteria must be documented in my SEMS program for safe work practices and contractor selection?
250.1915 What criteria for training must be in my SEMS program?
250.1916 What criteria for mechanical integrity must my SEMS program meet?

250.1917 What criteria for pre-startup review must be in my SEMS program?
250.1918 What criteria for emergency response and control must be in my SEMS program?
250.1919 What criteria for investigation of incidents must be in my SEMS program?
250.1920 What are the auditing requirements for my SEMS program?
250.1921–250.1923 [Reserved]
250.1924 How will BSEE determine if my SEMS program is effective?
250.1925 May BSEE direct me to conduct additional audits?
250.1926 What qualifications must an independent third party or my designated and qualified personnel meet?
250.1927 What happens if BSEE finds shortcomings in my SEMS program?
250.1928 What are my recordkeeping and documentation requirements?
250.1929 What are my responsibilities for submitting OCS performance measure data?

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Subpart A—General

AUTHORITY AND DEFINITION OF TERMS

§ 250.101 Authority and applicability.

The Secretary of the Interior (Secretary) authorized the Bureau of Safety and Environmental Enforcement (BSEE) to regulate oil, gas, and sulphur exploration, development, and production operations on the Outer Continental Shelf (OCS). Under the Secretary's authority, the Director requires that all operations:

(a) Be conducted according to the OCS Lands Act (OCSLA), the regulations in this part, BSEE orders, the lease or right-of-way, and other applicable laws, regulations, and amendments; and

(b) Conform to sound conservation practice to preserve, protect, and develop mineral resources of the OCS to:

(1) Make resources available to meet the Nation's energy needs;

(2) Balance orderly energy resource development with protection of the human, marine, and coastal environments;

(3) Ensure the public receives a fair and equitable return on the resources of the OCS;

(4) Preserve and maintain free enterprise competition; and

(5) Minimize or eliminate conflicts between the exploration, development, and production of oil and natural gas and the recovery of other resources.

§ 250.102 What does this part do?

(a) This part 250 contains the regulations of the BSEE Offshore program that govern oil, gas, and sulphur exploration, development, and production operations on the OCS. When you conduct operations on the OCS, you must submit requests, applications, and notices, or provide supplemental information for BSEE approval.

(b) The following table of general references shows where to look for information about these processes.

TABLE—WHERE TO FIND INFORMATION FOR CONDUCTING OPERATIONS

For information about . . .	Refer to . . .
(1) Applications for permit to drill,	30 CFR 250, subpart D.
(2) Development and Production Plans (DPP),	30 CFR 550, subpart B.
(3) Downhole commingling,	30 CFR 250, subpart K.
(4) Exploration Plans (EP),	30 CFR, 550, subpart B.
(5) Flaring,	30 CFR 250, subpart K.
(6) Gas measurement,	30 CFR 250, subpart L.
(7) Off-lease geological and geophysical permits,	30 CFR 551.
(8) Oil spill financial responsibility coverage,	30 CFR 553.
(9) Oil and gas production safety systems,	30 CFR 250, subpart H.
(10) Oil spill response plans,	30 CFR 254.
(11) Oil and gas well-completion operations,	30 CFR 250, subpart E.
(12) Oil and gas well-workover operations,	30 CFR 250, subpart F.
(13) Decommissioning Activities,	30 CFR 250, subpart Q.
(14) Platforms and structures,	30 CFR 250, subpart I.
(15) Pipelines and Pipeline Rights-of-Way,	30 CFR 250, subpart J and 30 CFR 550, subpart J.
(16) Sulphur operations,	30 CFR 250, subpart P.
(17) Training,	30 CFR 250, subpart O.
(18) Unitization,	30 CFR 250, subpart M.

§ 250.103 Where can I find more information about the requirements in this part?

BSEE may issue Notices to Lessees and Operators (NTLs) that clarify, supplement, or provide more detail about certain requirements. NTLs may also outline what you must provide as required information in your various submissions to BSEE.

§ 250.104 How may I appeal a decision made under BSEE regulations?

To appeal orders or decisions issued under BSEE regulations in 30 CFR parts 250 to 282, follow the procedures in 30 CFR part 290.

§ 250.105 Definitions.

Terms used in this part will have the meanings given in the Act and as defined in this section:

Act means the OCS Lands Act, as amended (43 U.S.C. 1331 *et seq.*).

Affected State means with respect to any program, plan, lease sale, or other activity proposed, conducted, or approved under the provisions of the Act, any State:

(1) The laws of which are declared, under section 4(a)(2) of the Act, to be the law of the United States for the portion of the OCS on which such activity is, or is proposed to be, conducted;

(2) Which is, or is proposed to be, directly connected by transportation facilities to any artificial island or installation or other device permanently or temporarily attached to the seabed;

(3) Which is receiving, or according to the proposed activity, will receive oil for processing, refining, or transshipment that was extracted from the OCS and transported directly to such State by means of vessels or by a combination of means including vessels;

(4) Which is designated by the Secretary as a State in which there is a substantial probability of significant impact on or damage to the coastal, marine, or human environment, or a State in which there will be significant changes in the social, governmental, or economic infrastructure, resulting from the exploration, development, and production of oil and gas anywhere on the OCS; or

(5) In which the Secretary finds that because of such activity there is, or will be, a significant risk of serious damage, due to factors such as prevailing winds and currents to the marine or coastal environment in the event of any oil spill, blowout, or release of oil or gas from vessels, pipelines, or other transshipment facilities.

Air pollutant means any airborne agent or combination of agents for which the Environmental Protection Agency (EPA) has established, under section 109 of the Clean Air Act, national primary or secondary ambient air quality standards.

Analyzed geological information means data collected under a permit or a lease that have been analyzed. Analysis may include, but is not limited to, identification of lithologic and fossil content, core analysis, laboratory analyses of physical and chemical properties, well logs or charts, results from formation fluid tests, and descriptions of hydrocarbon occurrences or hazardous conditions.

Ancillary activities mean those activities on your lease or unit that you:

(1) Conduct to obtain data and information to ensure proper exploration or development of your lease or unit; and

(2) Can conduct without Bureau of Ocean Energy Management (BOEM) approval of an application or permit.

Archaeological interest means capable of providing scientific or humanistic understanding of past human behavior, cultural adaptation, and related topics through the application of scientific or scholarly techniques, such as controlled observation, contextual measurement, controlled collection, analysis, interpretation, and explanation.

Archaeological resource means any material remains of human life or activities that are at least 50 years of age and that are of archaeological interest.

Attainment area means, for any air pollutant, an area that is shown by monitored data or that is calculated by air quality modeling (or other methods determined by the Administrator of EPA to be reliable) not to exceed any primary or secondary ambient air quality standards established by EPA.

Best available and safest technology (BAST) means the best available and

safest technologies that the BSEE Director determines to be economically feasible wherever failure of equipment would have a significant effect on safety, health, or the environment.

Best available control technology (BACT) means an emission limitation based on the maximum degree of reduction for each air pollutant subject to regulation, taking into account energy, environmental and economic impacts, and other costs. The Regional Supervisor will verify the BACT on a case-by-case basis, and it may include reductions achieved through the application of processes, systems, and techniques for the control of each air pollutant.

Coastal environment means the physical, atmospheric, and biological components, conditions, and factors that interactively determine the productivity, state, condition, and quality of the terrestrial ecosystem from the shoreline inward to the boundaries of the coastal zone.

Coastal zone means the coastal waters (including the lands therein and thereunder) and the adjacent shorelands (including the waters therein and thereunder) strongly influenced by each other and in proximity to the shorelands of the several coastal States. The coastal zone includes islands, transition and intertidal areas, salt marshes, wetlands, and beaches. The coastal zone extends seaward to the outer limit of the U.S. territorial sea and extends inland from the shorelines to the extent necessary to control shorelands, the uses of which have a direct and significant impact on the coastal waters, and the inward boundaries of which may be identified by the several coastal States, under the authority in section 305(b)(1) of the Coastal Zone Management Act (CZMA) of 1972.

Competitive reservoir means a reservoir in which there are one or more producible or producing well completions on each of two or more leases or portions of leases, with different lease operating interests, from which the lessees plan future production.

Correlative rights when used with respect to lessees of adjacent leases, means the right of each lessee to be afforded an equal opportunity to explore for, develop, and produce, without waste, minerals from a common source.

Data means facts and statistics, measurements, or samples that have not been analyzed, processed, or interpreted.

Departures mean approvals granted by the appropriate BSEE or BOEM representative for operating requirements/procedures other than those specified in the regulations found in this part. These requirements/procedures may be necessary to control a well; properly develop a lease; conserve natural resources, or protect life, property, or the marine, coastal, or human environment.

Development means those activities that take place following discovery of minerals in paying quantities, including but not limited to geophysical activity, drilling, platform construction, and operation of all directly related onshore support facilities, and which are for the purpose of producing the minerals discovered.

Development geological and geophysical (G&G) activities mean those G&G and related data-gathering activities on your lease or unit that you conduct following discovery of oil, gas, or sulphur in paying quantities to detect or imply the presence of oil, gas, or sulphur in commercial quantities.

Director means the Director of BSEE of the U.S. Department of the Interior, or an official authorized to act on the Director's behalf.

District Manager means the BSEE officer with authority and responsibility for operations or other designated program functions for a district within a BSEE Region.

Easement means an authorization for a nonpossessory, nonexclusive interest in a portion of the OCS, whether leased or unleased, which specifies the rights of the holder to use the area embraced in the easement in a manner consistent with the terms and conditions of the granting authority.

Eastern Gulf of Mexico means all OCS areas of the Gulf of Mexico the BOEM Director decides are adjacent to the State of Florida. The Eastern Gulf of Mexico is not the same as the Eastern Planning Area, an area established for OCS lease sales.

Emission offsets mean emission reductions obtained from facilities, either onshore or offshore, other than the facility or facilities covered by the proposed Exploration Plan (EP) or Development and Production Plan (DPP).

Enhanced recovery operations mean pressure maintenance operations, secondary and tertiary recovery, cycling, and similar recovery operations that alter the natural forces in a reservoir to increase the ultimate recovery of oil or gas.

Existing facility, as used in 30 CFR 550.303, means an OCS facility described in an Exploration Plan or a Development and Production Plan approved before June 2, 1980.

Exploration means the commercial search for oil, gas, or sulphur. Activities classified as exploration include but are not limited to:

(1) Geophysical and geological (G&G) surveys using magnetic, gravity, seismic reflection, seismic refraction, gas sniffers, coring, or other systems to detect or imply the presence of oil, gas, or sulphur; and

(2) Any drilling conducted for the purpose of searching for commercial quantities of oil, gas, and sulphur, including the drilling of any additional well needed to delineate any reservoir to enable the lessee to decide whether to proceed with development and production.

Facility means:

(1) As used in § 250.130, all installations permanently or temporarily attached to the seabed on the OCS (including manmade islands and bottom-sitting structures). They include mobile offshore drilling units (MODUs) or other vessels engaged in drilling or downhole operations, used for oil, gas or sulphur drilling, production, or related activities. They include all floating production systems (FPSs), variously described as column-stabilized-units (CSUs); floating production, storage and offloading facilities (FPSOs); tension-leg platforms (TLPs); spars, *etc*. They also include facilities for product measurement and royalty determination (e.g., lease Automatic Custody Transfer Units, gas meters) of OCS production on installations not on the OCS. Any group of OCS installations interconnected with walkways, or any group of installations that includes a central or primary installation with processing equipment and one or more satellite or secondary installations is a single facility. The Regional Supervisor may decide that the complexity of the individual installations justifies their classification as separate facilities.

(2) As used in 30 CFR 550.303, means all installations or devices permanently or temporarily attached to the seabed. They include mobile offshore drilling units (MODUs), even while operating in the ''tender assist'' mode (*i.e.*, with skid-off drilling units) or other vessels engaged in drilling or downhole operations. They are used for exploration, development, and production activities for oil, gas, or sulphur and emit or have the potential to emit any air pollutant from one or more sources. They include all floating production systems (FPSs), including column-stabilized-units (CSUs); floating production, storage and offloading facilities (FPSOs); tension-leg platforms (TLPs); spars, *etc*. During production, multiple installations or devices are a single facility if the installations or devices are at a single site. Any vessel used to transfer production from an offshore facility is part of the facility while it is physically attached to the facility.

(3) As used in § 250.490(b), means a vessel, a structure, or an artificial island used for drilling, well completion, well-workover, or production operations.

(4) As used in §§ 250.900 through 250.921, means all installations or devices permanently or temporarily attached to the seabed. They are used for exploration, development, and production activities for oil, gas, or sulphur and emit or have the potential to emit any air pollutant from one or more sources. They include all floating production systems (FPSs), including column-stabilized-units (CSUs); floating production, storage and offloading facilities (FPSOs); tension-leg platforms (TLPs); spars, *etc*. During production, multiple installations or devices are a single facility if the installations or devices are at a single site. Any vessel used to transfer production from an offshore facility is part of the facility

while it is physically attached to the facility.

Flaring means the burning of natural gas as it is released into the atmosphere.

Gas reservoir means a reservoir that contains hydrocarbons predominantly in a gaseous (single-phase) state.

Gas-well completion means a well completed in a gas reservoir or in the associated gas-cap of an oil reservoir.

Geological and geophysical (G&G) explorations mean those G&G surveys on your lease or unit that use seismic reflection, seismic refraction, magnetic, gravity, gas sniffers, coring, or other systems to detect or imply the presence of oil, gas, or sulphur in commercial quantities.

Governor means the Governor of a State, or the person or entity designated by, or under, State law to exercise the powers granted to such Governor under the Act.

H_2S absent means:

(1) Drilling, logging, coring, testing, or producing operations have confirmed the absence of H_2S in concentrations that could potentially result in atmospheric concentrations of 20 ppm or more of H_2S; or

(2) Drilling in the surrounding areas and correlation of geological and seismic data with equivalent stratigraphic units have confirmed an absence of H_2S throughout the area to be drilled.

H_2S present means drilling, logging, coring, testing, or producing operations have confirmed the presence of H_2S in concentrations and volumes that could potentially result in atmospheric concentrations of 20 ppm or more of H_2S.

H_2S unknown means the designation of a zone or geologic formation where neither the presence nor absence of H_2S has been confirmed.

Human environment means the physical, social, and economic components, conditions, and factors that interactively determine the state, condition, and quality of living conditions, employment, and health of those affected, directly or indirectly, by activities occurring on the OCS.

Interpreted geological information means geological knowledge, often in the form of schematic cross sections, 3-dimensional representations, and maps, developed by determining the geological significance of data and analyzed geological information.

Interpreted geophysical information means geophysical knowledge, often in the form of schematic cross sections, 3-dimensional representations, and maps, developed by determining the geological significance of geophysical data and analyzed geophysical information.

Lease means an agreement that is issued under section 8 or maintained under section 6 of the Act and that authorizes exploration for, and development and production of, minerals. The term also means the area covered by that authorization, whichever the context requires.

Lease term pipelines mean those pipelines owned and operated by a lessee or operator that are completely contained within the boundaries of a single lease, unit, or contiguous (not cornering) leases of that lessee or operator.

Lessee means a person who has entered into a lease with the United States to explore for, develop, and produce the leased minerals. The term lessee also includes the BOEM-approved assignee of the lease, and the owner or the BOEM-approved assignee of operating rights for the lease.

Major Federal action means any action or proposal by the Secretary that is subject to the provisions of section 102(2)(C) of the National Environmental Policy Act of 1969, 42 U.S.C. (2)(C) (*i.e.*, an action that will have a significant impact on the quality of the human environment requiring preparation of an environmental impact statement under section 102(2)(C) of the National Environmental Policy Act).

Marine environment means the physical, atmospheric, and biological components, conditions, and factors that interactively determine the productivity, state, condition, and quality of the marine ecosystem. These include the waters of the high seas, the contiguous zone, transitional and intertidal areas, salt marshes, and wetlands within the coastal zone and on the OCS.

Material remains mean physical evidence of human habitation, occupation, use, or activity, including the site, location, or context in which such evidence is situated.

Maximum efficient rate (MER) means the maximum sustainable daily oil or gas withdrawal rate from a reservoir that will permit economic development and depletion of that reservoir without detriment to ultimate recovery.

Maximum production rate (MPR) means the approved maximum daily rate at which oil or gas may be produced from a specified oil-well or gas-well completion.

Minerals include oil, gas, sulphur, geopressured-geothermal and associated resources, and all other minerals that are authorized by an Act of Congress to be produced.

Natural resources include, without limiting the generality thereof, oil, gas, and all other minerals, and fish, shrimp, oysters, clams, crabs, lobsters, sponges, kelp, and other marine animal and plant life but does not include water power or the use of water for the production of power.

Nonattainment area means, for any air pollutant, an area that is shown by monitored data or that is calculated by air quality modeling (or other methods determined by the Administrator of EPA to be reliable) to exceed any primary or secondary ambient air quality standard established by EPA.

Nonsensitive reservoir means a reservoir in which ultimate recovery is not decreased by high reservoir production rates.

Oil reservoir means a reservoir that contains hydrocarbons predominantly in a liquid (single-phase) state.

Oil reservoir with an associated gas cap means a reservoir that contains hydrocarbons in both a liquid and gaseous (two-phase) state.

Oil-well completion means a well completed in an oil reservoir or in the oil accumulation of an oil reservoir with an associated gas cap.

Operating rights mean any interest held in a lease with the right to explore for, develop, and produce leased substances.

Operator means the person the lessee(s) designates as having control or management of operations on the leased area or a portion thereof. An operator may be a lessee, the BSEE-approved or BOEM-approved designated agent of the lessee(s), or the holder of operating rights under a BOEM-approved operating rights assignment.

Outer Continental Shelf (OCS) means all submerged lands lying seaward and outside of the area of lands beneath navigable waters as defined in section 2 of the Submerged Lands Act (43 U.S.C. 1301) whose subsoil and seabed appertain to the United States and are subject to its jurisdiction and control.

Person includes a natural person, an association (including partnerships, joint ventures, and trusts), a State, a political subdivision of a State, or a private, public, or municipal corporation.

Pipelines are the piping, risers, and appurtenances installed for transporting oil, gas, sulphur, and produced waters.

Processed geological or geophysical information means data collected under a permit or a lease that have been processed or reprocessed. Processing involves changing the form of data to facilitate interpretation. Processing operations may include, but are not limited to, applying corrections for known perturbing causes, rearranging or filtering data, and combining or transforming data elements. Reprocessing is the additional processing other than ordinary processing used in the general course of evaluation. Reprocessing operations may include varying identified parameters for the detailed study of a specific problem area.

Production means those activities that take place after the successful completion of any means for the removal of minerals, including such removal, field operations, transfer of minerals to shore, operation monitoring, maintenance, and workover operations.

Production areas are those areas where flammable petroleum gas, volatile liquids or sulphur are produced, processed (e.g., compressed), stored, transferred (e.g., pumped), or otherwise handled before entering the transportation process.

Projected emissions mean emissions, either controlled or uncontrolled, from a source or sources.

Prospect means a geologic feature having the potential for mineral deposits.

Regional Director means the BSEE officer with responsibility and authority for a Region within BSEE.

Regional Supervisor means the BSEE officer with responsibility and authority for operations or other designated program functions within a BSEE Region.

Right-of-use means any authorization issued under 30 CFR Part 550 to use OCS lands.

Right-of-way pipelines are those pipelines that are contained within:

(1) The boundaries of a single lease or unit, but are not owned and operated by a lessee or operator of that lease or unit;

(2) The boundaries of contiguous (not cornering) leases that do not have a common lessee or operator;

(3) The boundaries of contiguous (not cornering) leases that have a common lessee or operator but are not owned and operated by that common lessee or operator; or

(4) An unleased block(s).

Routine operations, for the purposes of subpart F, mean any of the following operations conducted on a well with the tree installed:

(1) Cutting paraffin;

(2) Removing and setting pump-through-type tubing plugs, gas-lift valves, and subsurface safety valves that can be removed by wireline operations;

(3) Bailing sand;

(4) Pressure surveys;

(5) Swabbing;

(6) Scale or corrosion treatment;

(7) Caliper and gauge surveys;

(8) Corrosion inhibitor treatment;

(9) Removing or replacing subsurface pumps;

(10) Through-tubing logging (diagnostics);

(11) Wireline fishing;

(12) Setting and retrieving other subsurface flow-control devices; and

(13) Acid treatments.

Sensitive reservoir means a reservoir in which the production rate will affect ultimate recovery.

Significant archaeological resource means those archaeological resources that meet the criteria of significance for eligibility to the National Register of Historic Places as defined in 36 CFR 60.4, or its successor.

Suspension means a granted or directed deferral of the requirement to produce (Suspension of Production (SOP)) or to conduct leaseholding operations (Suspension of Operations (SOO)).

Venting means the release of gas into the atmosphere without igniting it. This includes gas that is released underwater and bubbles to the atmosphere.

Waste of oil, gas, or sulphur means:

(1) The physical waste of oil, gas, or sulphur;

(2) The inefficient, excessive, or improper use, or the unnecessary dissipation of reservoir energy;

(3) The locating, spacing, drilling, equipping, operating, or producing of any oil, gas, or sulphur well(s) in a manner that causes or tends to cause a reduction in the quantity of oil, gas, or sulphur ultimately recoverable under prudent and proper operations or that causes or tends to cause unnecessary or excessive surface loss or destruction of oil or gas; or

(4) The inefficient storage of oil.

Welding means all activities connected with welding, including hot tapping and burning.

Wellbay is the area on a facility within the perimeter of the outermost wellheads.

Well-completion operations mean the work conducted to establish production from a well after the production-casing string has been set, cemented, and pressure-tested.

Well-control fluid means drilling mud, completion fluid, or workover fluid as appropriate to the particular operation being conducted.

Western Gulf of Mexico means all OCS areas of the Gulf of Mexico except those the BOEM Director decides are adjacent to the State of Florida. The Western Gulf of Mexico is not the same as the Western Planning Area, an area established for OCS lease sales.

Workover operations mean the work conducted on wells after the initial well-completion operation for the purpose of maintaining or restoring the productivity of a well.

You means a lessee, the owner or holder of operating rights, a designated operator or agent of the lessee(s), a pipeline right-of-way holder, or a State

lessee granted a right-of-use and easement.

PERFORMANCE STANDARDS

§ 250.106 What standards will the Director use to regulate lease operations?

The Director will regulate all operations under a lease, right-of-use and easement, or right-of-way to:

(a) Promote orderly exploration, development, and production of mineral resources;

(b) Prevent injury or loss of life;

(c) Prevent damage to or waste of any natural resource, property, or the environment; and

(d) Cooperate and consult with affected States, local governments, other interested parties, and relevant Federal agencies.

§ 250.107 What must I do to protect health, safety, property, and the environment?

(a) You must protect health, safety, property, and the environment by:

(1) Performing all operations in a safe and workmanlike manner; and

(2) Maintaining all equipment and work areas in a safe condition.

(b) You must immediately control, remove, or otherwise correct any hazardous oil and gas accumulation or other health, safety, or fire hazard.

(c) You must use the best available and safest technology (BAST) whenever practical on all exploration, development, and production operations. In general, we consider your compliance with BSEE regulations to be the use of BAST.

(d) The Director may require additional measures to ensure the use of BAST:

(1) To avoid the failure of equipment that would have a significant effect on safety, health, or the environment;

(2) If it is economically feasible; and

(3) If the benefits outweigh the costs.

§ 250.108 What requirements must I follow for cranes and other material-handling equipment?

(a) All cranes installed on fixed platforms must be operated in accordance with American Petroleum Institute's Recommended Practice for Operation and Maintenance of Offshore Cranes, API RP 2D (as incorporated by reference in § 250.198).

(b) All cranes installed on fixed platforms must be equipped with a functional anti-two block device.

(c) If a fixed platform is installed after March 17, 2003, all cranes on the platform must meet the requirements of American Petroleum Institute Specification for Offshore Pedestal Mounted Cranes, API Spec 2C (as incorporated by reference in § 250.198).

(d) All cranes manufactured after March 17, 2003, and installed on a fixed platform, must meet the requirements of API Spec 2C.

(e) You must maintain records specific to a crane or the operation of a crane installed on an OCS fixed platform, as follows:

(1) Retain all design and construction records, including installation records for any anti-two block safety devices, for the life of the crane. The records must be kept at the OCS fixed platform.

(2) Retain all inspection, testing, and maintenance records of cranes for at least 4 years. The records must be kept at the OCS fixed platform.

(3) Retain the qualification records of the crane operator and all rigger personnel for at least 4 years. The records must be kept at the OCS fixed platform.

(f) You must operate and maintain all other material-handling equipment in a manner that ensures safe operations and prevents pollution.

§ 250.109 What documents must I prepare and maintain related to welding?

(a) You must submit a Welding Plan to the District Manager before you begin drilling or production activities on a lease. You may not begin welding until the District Manager has approved your plan.

(b) You must keep the following at the site where welding occurs:

(1) A copy of the plan and its approval letter; and

(2) Drawings showing the designated safe-welding areas.

§ 250.110 What must I include in my welding plan?

You must include all of the following in the welding plan that you prepare under § 250.109:

(a) Standards or requirements for welders;

(b) How you will ensure that only qualified personnel weld;

(c) Practices and procedures for safe welding that address:

(1) Welding in designated safe areas;

(2) Welding in undesignated areas, including wellbay;

(3) Fire watches;

(4) Maintenance of welding equipment; and

(5) Plans showing all designated safe-welding areas.

(d) How you will prevent spark-producing activities (*i.e.*, grinding, abrasive blasting/cutting and arc-welding) in hazardous locations.

§ 250.111 Who oversees operations under my welding plan?

A welding supervisor or a designated person in charge must be thoroughly familiar with your welding plan. This person must ensure that each welder is properly qualified according to the welding plan. This person also must inspect all welding equipment before welding.

§ 250.112 What standards must my welding equipment meet?

Your welding equipment must meet the following requirements:

(a) All engine-driven welding equipment must be equipped with spark arrestors and drip pans;

(b) Welding leads must be completely insulated and in good condition;

(c) Hoses must be leak-free and equipped with proper fittings, gauges, and regulators; and

(d) Oxygen and fuel gas bottles must be secured in a safe place.

§ 250.113 What procedures must I follow when welding?

(a) Before you weld, you must move any equipment containing hydrocarbons or other flammable substances at least 35 feet horizontally from the welding area. You must move similar equipment on lower decks at least 35 feet from the point of impact where slag, sparks, or other burning materials could fall. If moving this equipment is impractical, you must protect that equipment with flame-proofed covers, shield it with metal or fire-resistant guards or curtains, or render the flammable substances inert.

(b) While you weld, you must monitor all water-discharge-point sources from hydrocarbon-handling vessels. If a discharge of flammable fluids occurs, you must stop welding.

(c) If you cannot weld in one of the designated safe-welding areas that you listed in your safe welding plan, you must meet the following requirements:

(1) You may not begin welding until:

(i) The welding supervisor or designated person in charge advises in writing that it is safe to weld.

(ii) You and the designated person in charge inspect the work area and areas below it for potential fire and explosion hazards.

(2) During welding, the person in charge must designate one or more persons as a fire watch. The fire watch must:

(i) Have no other duties while actual welding is in progress;

(ii) Have usable firefighting equipment;

(iii) Remain on duty for 30 minutes after welding activities end; and

(iv) Maintain a continuous surveillance with a portable gas detector during the welding and burning operation if welding occurs in an area not equipped with a gas detector.

(3) You may not weld piping, containers, tanks, or other vessels that have contained a flammable substance unless you have rendered the contents inert and the designated person in charge has determined it is safe to weld. This does not apply to approved hot taps.

(4) You may not weld within 10 feet of a wellbay unless you have shut in all producing wells in that wellbay.

(5) You may not weld within 10 feet of a production area, unless you have shut in that production area.

(6) You may not weld while you drill, complete, workover, or conduct wireline operations unless:

(i) The fluids in the well (being drilled, completed, worked over, or

having wireline operations conducted) are noncombustible; and

(ii) You have precluded the entry of formation hydrocarbons into the wellbore by either mechanical means or a positive overbalance toward the formation.

§ 250.114 How must I install and operate electrical equipment?

The requirements in this section apply to all electrical equipment on all platforms, artificial islands, fixed structures, and their facilities.

(a) You must classify all areas according to API RP 500, Recommended Practice for Classification of Locations for Electrical Installations at Petroleum Facilities Classified as Class I, Division 1 and Division 2, or API RP 505, Recommended Practice for Classification of Locations for Electrical Installations at Petroleum Facilities Classified as Class I, Zone 0, Zone 1, and Zone 2 (as incorporated by reference in § 250.198).

(b) Employees who maintain your electrical systems must have expertise in area classification and the performance, operation and hazards of electrical equipment.

(c) You must install all electrical systems according to API RP 14F, Recommended Practice for Design and Installation of Electrical Systems for Fixed and Floating Offshore Petroleum Facilities for Unclassified and Class I, Division 1, and Division 2 Locations (as incorporated by reference in § 250.198), or API RP 14FZ, Recommended Practice for Design and Installation of Electrical Systems for Fixed and Floating Offshore Petroleum Facilities for Unclassified and Class I, Zone 0, Zone 1, and Zone 2 Locations (as incorporated by reference in § 250.198).

(d) On each engine that has an electric ignition system, you must use an ignition system designed and maintained to reduce the release of electrical energy.

§§ 250.115–250.117 [Reserved]

§ 250.118 Will BSEE approve gas injection?

The Regional Supervisor may authorize you to inject gas on the OCS, on and off-lease, to promote conservation of natural resources and to prevent waste.

(a) To receive BSEE approval for injection, you must:

(1) Show that the injection will not result in undue interference with operations under existing leases; and

(2) Submit a written application to the Regional Supervisor for injection of gas.

(b) The Regional Supervisor will approve gas injection applications that:

(1) Enhance recovery;

(2) Prevent flaring of casinghead gas; or

(3) Implement other conservation measures approved by the Regional Supervisor.

§ 250.119 [Reserved]

§ 250.120 How does injecting, storing, or treating gas affect my royalty payments?

(a) If you produce gas from an OCS lease and inject it into a reservoir on the lease or unit for the purposes cited in § 250.118(b), you are not required to pay royalties until you remove or sell the gas from the reservoir.

(b) If you produce gas from an OCS lease and store it according to 30 CFR 550.119, you must pay royalty before injecting it into the storage reservoir.

(c) If you produce gas from an OCS lease and treat it at an off-lease or off-unit location, you must pay royalties when the gas is first produced.

§ 250.121 What happens when the reservoir contains both original gas in place and injected gas?

If the reservoir contains both original gas in place and injected gas, when you produce gas from the reservoir you must use a BSEE-approved formula to determine the amounts of injected or stored gas and gas original to the reservoir.

§ 250.122 What effect does subsurface storage have on the lease term?

If you use a lease area for subsurface storage of gas, it does not affect the continuance or expiration of the lease.

§ 250.123 [Reserved]

§ 250.124 Will BSEE approve gas injection into the cap rock containing a sulphur deposit?

To receive the Regional Supervisor's approval to inject gas into the cap rock of a salt dome containing a sulphur deposit, you must show that the injection:

(a) Is necessary to recover oil and gas contained in the cap rock; and

(b) Will not significantly increase potential hazards to present or future sulphur mining operations.

FEES

§ 250.125 Service fees.

(a) The table in this paragraph (a) shows the fees that you must pay to BSEE for the services listed. The fees will be adjusted periodically according to the Implicit Price Deflator for Gross Domestic Product by publication of a document in the FEDERAL REGISTER. If a significant adjustment is needed to arrive at the new actual cost for any reason other than inflation, then a proposed rule containing the new fees will be published in the FEDERAL REGISTER for comment.

Service—processing of the following:	Fee amount	30 CFR citation
(1) [Reserved]		
(2) [Reserved]		
(3) Suspension of Operations/Suspension of Production (SOO/SOP) Request.	$1,968	§ 250.171(e).
(4) [Reserved]		
(5) [Reserved]		
(6) Deepwater Operations Plan	$3,336	§ 250.292(p).
(7) [Reserved]		
(8) Application for Permit to Drill (APD; Form BSEE–0123)	$1,959 for initial applications only; no fee for revisions.	§ 250.410(d); § 250.513(b); § 250.515; § 250.1605; § 250.1617(a); § 250.1622.
(9) Application for Permit to Modify (APM; Form BSEE–0124)	$116	§ 250.460; § 250.513(b); § 250.613(b); 250.1618(a); § 250.1622; § 250.1704(g).
(10) New Facility Production Safety System Application for facility with more than 125 components.	$5,030 A component is a piece of equipment or ancillary system that is protected by one or more of the safety devices required by API RP 14C (as incorporated by reference in § 250.198); $13,238 additional fee will be charged if BSEE deems it necessary to visit a facility offshore, and $6,884 to visit a facility in a shipyard.	§ 250.802(e).
(11) New Facility Production Safety System Application for facility with 25–125 components.	$1,218 Additional fee of $8,313 will be charged if BSEE deems it necessary to visit a facility offshore, and $4,766 to visit a facility in a shipyard.	§ 250.802(e).
(12) New Facility Production Safety System Application for facility with fewer than 25 components.	$604	§ 250.802(e).
(13) Production Safety System Application—Modification with more than 125 components reviewed.	$561	§ 250.802(e).
(14) Production Safety System Application—Modification with 25–125 components reviewed.	$201	§ 250.802(e).
(15) Production Safety System Application—Modification with fewer than 25 components reviewed.	$85	§ 250.802(e).
(16) Platform Application—Installation—Under the Platform Verification Program.	$21,075	§ 250.905(l).
(17) Platform Application—Installation—Fixed Structure Under the Platform Approval Program.	$3,018	§ 250.905(l).
(18) Platform Application—Installation—Caisson/Well Protector.	$1,536	§ 250.905(l)
(19) Platform Application—Modification/Repair	$3,601	§ 250.905(l).
(20) New Pipeline Application (Lease Term)	$3,283	§ 250.1000(b).
(21) Pipeline Application—Modification (Lease Term)	$1,906	§ 250.1000(b).
(22) Pipeline Application—Modification (ROW)	$3,865	§ 250.1000(b).
(23) Pipeline Repair Notification	$360	§ 250.1008(e).
(24) Pipeline Right-of-Way (ROW) Grant Application	$2,569	§ 250.1015(a).

Service—processing of the following:	Fee amount	30 CFR citation
(25) Pipeline Conversion of Lease Term to ROW	$219	§ 250.1015(a).
(26) Pipeline ROW Assignment	$186	§ 250.1018(b).
(27) 500 Feet From Lease/Unit Line Production Request	$3,608	§ 250.1156(a).
(28) Gas Cap Production Request	$4,592	§ 250.1157.
(29) Downhole Commingling Request	$5,357	§ 250.1158(a).
(30) Complex Surface Commingling and Measurement Application.	$3,760	§ 250.1202(a); § 250.1203(b); § 250.1204(a).
(31) Simple Surface Commingling and Measurement Application.	$1,271	§ 250.1202(a); § 250.1203(b); § 250.1204(a).
(32) Voluntary Unitization Proposal or Unit Expansion	$11,698	§ 250.1303(d).
(33) Unitization Revision	$831	§ 250.1303(d).
(34) Application to Remove a Platform or Other Facility	$4,342	§ 250.1727.
(35) Application to Decommission a Pipeline (Lease Term)	$1,059	§ 250.1751(a) or § 250.1752(a).
(36) Application to Decommission a Pipeline (ROW)	$2,012	§ 250.1751(a) or § 250.1752(a).

(b) Payment of the fees listed in paragraph (a) of this section must accompany the submission of the document for approval or be sent to an office identified by the Regional Director. Once a fee is paid, it is nonrefundable, even if an application or other request is withdrawn. If your application is returned to you as incomplete, you are not required to submit a new fee when you submit the amended application.

(c) Verbal approvals are occasionally given in special circumstances. Any action that will be considered a verbal permit approval requires either a paper permit application to follow the verbal approval or an electronic application submittal within 72 hours. Payment must be made with the completed paper or electronic application.

§ 250.126 Electronic payment instructions.

You must file all payments electronically through *Pay.gov*. This includes, but is not limited to, all OCS applications or filing fee payments. The *Pay.gov* Web site may be accessed through a link on the BSEE Offshore Web site at: *http://www.bsee.gov/offshore/* homepage or directly through *Pay.gov* at: *https://www.pay.gov/paygov/*.

(a) If you submitted an application through eWell, you must use the interactive payment feature in that system, which directs you through *Pay.gov*.

(b) For applications not submitted electronically through eWell, you must use credit card or automated clearing house (ACH) payments through the *Pay.gov* Web site, and you must include a copy of the *Pay.gov* confirmation receipt page with your application.

INSPECTIONS OF OPERATIONS

§ 250.130 Why does BSEE conduct inspections?

BSEE will inspect OCS facilities and any vessels engaged in drilling or other downhole operations. These include facilities under jurisdiction of other Federal agencies that we inspect by agreement. We conduct these inspections:

(a) To verify that you are conducting operations according to the Act, the regulations, the lease, right-of-way, the BOEM-approved Exploration Plan or Development and Production Plans; or right-of-use and easement, and other applicable laws and regulations; and

(b) To determine whether equipment designed to prevent or ameliorate blowouts, fires, spillages, or other major accidents has been installed and is operating properly according to the requirements of this part.

§ 250.131 Will BSEE notify me before conducting an inspection?

BSEE conducts both scheduled and unscheduled inspections.

§ 250.132 What must I do when BSEE conducts an inspection?

(a) When BSEE conducts an inspection, you must provide:

(1) Access to all platforms, artificial islands, and other installations on your leases or associated with your lease, right-of-use and easement, or right-of-way; and

(2) Helicopter landing sites and refueling facilities for any helicopters we use to regulate offshore operations.

(b) You must make the following available for us to inspect:

(1) The area covered under a lease, right-of-use and easement, right-of-way, or permit;

(2) All improvements, structures, and fixtures on these areas; and

(3) All records of design, construction, operation, maintenance, repairs, or investigations on or related to the area.

§ 250.133 Will BSEE reimburse me for my expenses related to inspections?

Upon request, BSEE will reimburse you for food, quarters, and transportation that you provide for BSEE representatives while they inspect lease facilities and operations. You must send us your reimbursement request within 90 days of the inspection.

DISQUALIFICATION

§ 250.135 What will BSEE do if my operating performance is unacceptable?

BSEE will determine if your operating performance is unacceptable. BSEE will refer a determination of unacceptable performance to BOEM, who may disapprove or revoke your designation as operator on a single facility or multiple facilities. We will give you adequate notice and opportunity for a review by BSEE officials before making a determination that your operating performance is unacceptable.

§ 250.136 How will BSEE determine if my operating performance is unacceptable?

In determining if your operating performance is unacceptable, BSEE will consider, individually or collectively:

(a) Accidents and their nature;

(b) Pollution events, environmental damages and their nature;

(c) Incidents of noncompliance;

(d) Civil penalties;

(e) Failure to adhere to OCS lease obligations; or

(f) Any other relevant factors.

SPECIAL TYPES OF APPROVALS

§ 250.140 When will I receive an oral approval?

When you apply for BSEE approval of any activity, we normally give you a written decision. The following table shows circumstances under which we may give an oral approval.

When you . . .	We may . . .	And . . .
(a) Request approval orally	Give you an oral approval,	You must then confirm the oral request by sending us a written request within 72 hours.
(b) Request approval in writing,	Give you an oral approval if quick action is needed,	We will send you a written approval afterward. It will include any conditions that we place on the oral approval.
(c) Request approval orally for gas flaring,	Give you an oral approval,	You don't have to follow up with a written request unless the Regional Supervisor requires it. When you stop the approved flaring, you must promptly send a letter summarizing the location, dates and hours, and volumes of liquid hydrocarbons produced and gas flared by the approved flaring (see 30 CFR 250, subpart K).

§ 250.141 May I ever use alternate procedures or equipment?

You may use alternate procedures or equipment after receiving approval as described in this section.

(a) Any alternate procedures or equipment that you propose to use must provide a level of safety and environmental protection that equals or surpasses current BSEE requirements.

(b) You must receive the District Manager's or Regional Supervisor's written approval before you can use alternate procedures or equipment.

(c) To receive approval, you must either submit information or give an oral presentation to the appropriate Regional Supervisor. Your presentation must describe the site-specific application(s), performance characteristics, and safety features of the proposed procedure or equipment.

§ 250.142 How do I receive approval for departures?

We may approve departures to the operating requirements. You may apply for a departure by writing to the District Manager or Regional Supervisor.

§§ 250.143–250.144 [Reserved]

§ 250.145 How do I designate an agent or a local agent?

(a) You or your designated operator may designate for the Regional Supervisor's approval, or the Regional Director may require you to designate an agent empowered to fulfill your obligations under the Act, the lease, or the regulations in this part.

(b) You or your designated operator may designate for the Regional Supervisor's approval a local agent empowered to receive notices and submit requests, applications, notices, or supplemental information.

§ 250.146 Who is responsible for fulfilling leasehold obligations?

(a) When you are not the sole lessee, you and your co-lessee(s) are jointly and severally responsible for fulfilling your obligations under the provisions of 30 CFR parts 250 through 282 and 30 CFR parts 550 through 582 unless otherwise provided in these regulations.

(b) If your designated operator fails to fulfill any of your obligations under 30 CFR parts 250 through 282 and 30 CFR parts 550 through 582, the Regional Supervisor may require you or any or all of your co-lessees to fulfill those obligations or other operational obligations under the Act, the lease, or the regulations.

(c) Whenever the regulations in 30 CFR parts 250 through 282 and 30 CFR parts 550 through 582 require the lessee to meet a requirement or perform an action, the lessee, operator (if one has been designated), and the person actually performing the activity to which the requirement applies are jointly and severally responsible for complying with the regulation.

NAMING AND IDENTIFYING FACILITIES AND WELLS (DOES NOT INCLUDE MODUS)

§ 250.150 How do I name facilities and wells in the Gulf of Mexico Region?

(a) Assign each facility a letter designation except for those types of facilities identified in paragraph (c)(1) of this section. For example, A, B, CA, or CB.

(1) After a facility is installed, rename each predrilled well that was assigned only a number and was suspended temporarily at the mudline or at the surface. Use a letter and number designation. The letter used must be the same as that of the production facility, and the number used must correspond to the order in which the well was completed, not necessarily the number assigned when it was drilled. For example, the first well completed for production on Facility A would be renamed Well A–1, the second would be Well A–2, and so on; and

(2) When you have more than one facility on a block, each facility installed, and not bridge-connected to another facility, must be named using a different letter in sequential order. For example, EC 222A, EC 222B, EC 222C.

(3) When you have more than one facility on multiple blocks in a local area being co-developed, each facility installed and not connected with a walkway to another facility should be named using a different letter in sequential order with the block number corresponding to the block on which the platform is located. For example, EC 221A, EC 222B, and EC 223C.

(b) In naming multiple well caissons, you must assign a letter designation.

(c) In naming single well caissons, you must use certain criteria as follows:

(1) For single well caissons not attached to a facility with a walkway, use the well designation. For example, Well No. 1;

(2) For single well caissons attached to a facility with a walkway, use the same designation as the facility. For example, rename Well No.10 as A–10; and

(3) For single well caissons with production equipment, use a letter designation for the facility name and a

letter plus number designation for the well. For example, the Well No. 1 caisson would be designated as Facility A, and the well would be Well A–1.

§ 250.151 How do I name facilities in the Pacific Region?

The operator assigns a name to the facility.

§ 250.152 How do I name facilities in the Alaska Region?

Facilities will be named and identified according to the Regional Director's directions.

§ 250.153 Do I have to rename an existing facility or well?

You do not have to rename facilities installed and wells drilled before January 27, 2000, unless the Regional Director requires it.

§ 250.154 What identification signs must I display?

(a) You must identify all facilities, artificial islands, and mobile offshore drilling units with a sign maintained in a legible condition.

(1) You must display an identification sign that can be viewed from the waterline on at least one side of the platform. The sign must use at least 3-inch letters and figures.

(2) When helicopter landing facilities are present, you must display an additional identification sign that is visible from the air. The sign must use at least 12-inch letters and figures and must also display the weight capacity of the helipad unless noted on the top of the helipad. If this sign is visible to both helicopter and boat traffic, then the sign in paragraph (a)(1) of this section is not required.

(3) Your identification sign must:

(i) List the name of the lessee or designated operator;

(ii) In the GOM OCS Region, list the area designation or abbreviation and the block number of the facility location as depicted on OCS Official Protraction Diagrams or leasing maps;

(iii) In the Pacific OCS Region, list the lease number on which the facility is located; and

(iv) List the name of the platform, structure, artificial island, or mobile offshore drilling unit.

(b) You must identify singly completed wells and multiple completions as follows:

(1) For each singly completed well, list the lease number and well number on the wellhead or on a sign affixed to the wellhead;

(2) For wells with multiple completions, downhole splitter wells, and multilateral wells, identify each completion in addition to the well name and lease number individually on the well flowline at the wellhead; and

(3) For subsea wells that flow individually into separate pipelines, affix the required sign on the pipeline or surface flowline dedicated to that subsea well at a convenient location on the receiving platform. For multiple subsea wells that flow into a common pipeline or pipelines, no sign is required.

§§ 250.160–250.167 [Reserved]

SUSPENSIONS

§ 250.168 May operations or production be suspended?

(a) You may request approval of a suspension, or the Regional Supervisor may direct a suspension (Directed Suspension), for all or any part of a lease or unit area.

(b) Depending on the nature of the suspended activity, suspensions are labeled either Suspensions of Operations (SOO) or Suspensions of Production (SOP).

§ 250.169 What effect does suspension have on my lease?

(a) A suspension may extend the term of a lease (see § 250.180(b), (d), and (e)). The extension is equal to the length of time the suspension is in effect, except as provided in paragraph (b) of this section.

(b) A Directed Suspension does not extend the term of a lease when the Regional Supervisor *directs* a suspension because of:

(1) Gross negligence; or

(2) A willful violation of a provision of the lease or governing statutes and regulations.

§ 250.170 How long does a suspension last?

(a) BSEE may issue suspensions for up to 5 years per suspension. The Regional Supervisor will set the length of the suspension based on the conditions of the individual case involved. BSEE may grant consecutive suspension periods.

(b) An SOO ends automatically when the suspended operation commences.

(c) An SOP ends automatically when production begins.

(d) A Directed Suspension normally ends as specified in the letter directing the suspension.

(e) BSEE may terminate any suspension when the Regional Supervisor determines the circumstances that justified the suspension no longer exist or that other lease conditions warrant termination. The Regional Supervisor will notify you of the reasons for termination and the effective date.

§ 250.171 How do I request a suspension?

You must submit your request for a suspension to the Regional Supervisor, and BSEE must receive the request before the end of the lease term (*i.e.*, end of primary term, end of the 180-day period following the last leaseholding operation, and end of a current suspension). Your request must include:

(a) The justification for the suspension including the length of suspension requested;

(b) A reasonable schedule of work leading to the commencement or restoration of the suspended activity;

(c) A statement that a well has been drilled on the lease and determined to be producible according to § 250.1603 (SOP only), 30 CFR 550.115, or 30 CFR 550.116;

(d) A commitment to production (SOP only); and

(e) The service fee listed in § 250.125 of this subpart.

§ 250.172 When may the Regional Supervisor grant or direct an SOO or SOP?

The Regional Supervisor may grant or direct an SOO or SOP under any of the following circumstances:

(a) When necessary to comply with judicial decrees prohibiting any activities or the permitting of those activities. The effective date of the suspension will be the effective date required by the action of the court;

(b) When activities pose a threat of serious, irreparable, or immediate harm or damage. This would include a threat to life (including fish and other aquatic life), property, any mineral deposit, or the marine, coastal, or human environment. BSEE may require you to do a site-specific study (see § 250.177(a)).

(c) When necessary for the installation of safety or environmental protection equipment;

(d) When necessary to carry out the requirements of NEPA or to conduct an environmental analysis; or

(e) When necessary to allow for inordinate delays encountered in obtaining required permits or consents, including administrative or judicial challenges or appeals.

§ 250.173 When may the Regional Supervisor direct an SOO or SOP?

The Regional Supervisor may direct a suspension when:

(a) You failed to comply with an applicable law, regulation, order, or provision of a lease or permit; or

(b) The suspension is in the interest of National security or defense.

§ 250.174 When may the Regional Supervisor grant or direct an SOP?

The Regional Supervisor may grant or direct an SOP when the suspension is in the National interest, and it is necessary because the suspension will meet one of the following criteria:

(a) It will allow you to properly develop a lease, including time to construct and install production facilities;

(b) It will allow you time to obtain adequate transportation facilities;

(c) It will allow you time to enter a sales contract for oil, gas, or sulphur. You must show that you are making an effort to enter into the contract(s); or

(d) It will avoid continued operations that would result in premature abandonment of a producing well(s).

§ 250.175 When may the Regional Supervisor grant an SOO?

(a) The Regional Supervisor may grant an SOO when necessary to allow

you time to begin drilling or other operations when you are prevented by reasons beyond your control, such as unexpected weather, unavoidable accidents, or drilling rig delays.

(b) The Regional Supervisor may grant an SOO when all of the following conditions are met:

(1) The lease was issued with a primary lease term of 5 years, or with a primary term of 8 years with a requirement to drill within 5 years;

(2) Before the end of the third year of the primary term, you or your predecessor in interest must have acquired and interpreted geophysical information that indicates:

(i) The presence of a salt sheet;

(ii) That all or a portion of a potential hydrocarbon-bearing formation may lie beneath or adjacent to the salt sheet; and

(iii) The salt sheet interferes with identification of the potential hydrocarbon-bearing formation.

(3) The interpreted geophysical information required under paragraph (b)(2) of this section must include full 3–D depth migration beneath the salt sheet and over the entire lease area.

(4) Before requesting the suspension, you have conducted or are conducting additional data processing or interpretation of the geophysical information with the objective of identifying a potential hydrocarbon-bearing formation.

(5) You demonstrate that additional time is necessary to:

(i) Complete current processing or interpretation of existing geophysical data or information;

(ii) Acquire, process, or interpret new geophysical data or information; or

(iii) Drill into the potential hydrocarbon-bearing formation identified as a result of the activities conducted in paragraphs (b)(2), (b)(4), and (b)(5) of this section.

(c) The Regional Supervisor may grant an SOO to conduct additional geological and geophysical data analysis that may lead to the drilling of a well below 25,000 feet true vertical depth below the datum at mean sea level (TVD SS) when all of the following conditions are met:

(1) The lease was issued with a primary lease term of:

(i) Five years; or

(ii) Eight years with a requirement to drill within 5 years.

(2) Before the end of the fifth year of the primary term, you or your predecessor in interest must have acquired and interpreted geophysical information that:

(i) Indicates that all or a portion of a potential hydrocarbon-bearing formation lies below 25,000 feet TVD SS; and

(ii) Includes full 3–D depth migration over the entire lease area.

(3) Before requesting the suspension, you have conducted or are conducting additional data processing or interpretation of the geophysical information with the objective of identifying a potential hydrocarbon-bearing geologic structure or stratigraphic trap lying below 25,000 feet TVD SS.

(4) You demonstrate that additional time is necessary to:

(i) Complete current processing or interpretation of existing geophysical data or information;

(ii) Acquire, process, or interpret new geophysical or geological data or information that would affect the decision to drill the same geologic structure or stratigraphic trap, as determined by the Regional Supervisor, identified in paragraphs (c)(2) and (c)(3) of this section; or

(iii) Drill a well below 25,000 feet TVD SS into the geologic structure or stratigraphic trap identified as a result of the activities conducted in paragraphs (c)(2), (c)(3), and (c)(4)(i) and (ii) of this section.

§ 250.176 Does a suspension affect my royalty payment?

A directed suspension may affect the payment of rental or royalties for the lease as provided in 30 CFR 1218.154.

§ 250.177 What additional requirements may the Regional Supervisor order for a suspension?

If BSEE grants or directs a suspension under paragraph § 250.172(b), the Regional Supervisor may require you to:

(a) Conduct a site-specific study.

(1) The Regional Supervisor must approve or prescribe the scope for any site-specific study that you perform.

(2) The study must evaluate the cause of the hazard, the potential damage, and the available mitigation measures.

(3) You must pay for the study unless you request, and the Regional Supervisor agrees to arrange, payment by another party.

(4) You must furnish copies and results of the study to the Regional Supervisor.

(5) BSEE will make the results available to other interested parties and to the public.

(6) The Regional Supervisor will use the results of the study and any other information that becomes available:

(i) To decide if the suspension can be lifted; and

(ii) To determine any actions that you must take to mitigate or avoid any damage to the environment, life, or property.

(b) Submit a revised Exploration Plan (including any required mitigating measures);

(c) Submit a revised Development and Production Plan (including any required mitigating measures); or

(d) Submit a revised Development Operations Coordination Document according to 30 CFR part 550, subpart B.

PRIMARY LEASE REQUIREMENTS, LEASE TERM EXTENSIONS, AND LEASE CANCELLATIONS

§ 250.180 What am I required to do to keep my lease term in effect?

(a) If your lease is in its primary term:

(1) You must submit a report to the District Manager according to paragraphs (h) and (i) of this section whenever production begins initially, whenever production ceases during the last 180 days of the primary term, and whenever production resumes during the last 180 days of the primary term.

(2) Your lease expires at the end of its primary term unless you are conducting operations on your lease (see 30 CFR part 556). For purposes of this section, the term *operations* means, drilling, well-reworking, or production in paying quantities. The objective of the drilling or well-reworking must be to establish production in paying quantities on the lease.

(b) If you stop conducting operations during the last 180 days of your primary lease term, your lease will expire unless you either resume operations or receive an SOO or an SOP from the Regional Supervisor under §§ 250.172, 250.173, 250.174, or 250.175 before the end of the 180th day after you stop operations.

(c) If you extend your lease term under paragraph (b) of this section, you must pay rental or minimum royalty, as appropriate, for each year or part of the year during which your lease continues in force beyond the end of the primary lease term.

(d) If you stop conducting operations on a lease that has continued beyond its primary term, your lease will expire unless you resume operations or receive an SOO or an SOP from the Regional Supervisor under § 250.172, 250.173, 250.174, or 250.175 before the end of the 180th day after you stop operations.

(e) You may ask the Regional Supervisor to allow you more than 180 days to resume operations on a lease continued beyond its primary term when operating conditions warrant. The request must be in writing and explain the operating conditions that warrant a longer period. In allowing additional time, the Regional Supervisor must determine that the longer period is in the National interest, and it conserves resources, prevents waste, or protects correlative rights.

(f) When you begin conducting operations on a lease that has continued beyond its primary term, you must immediately notify the District Manager either orally or by fax or e-mail and follow up with a written report according to paragraph (g) of this section.

(g) If your lease is continued beyond its primary term, you must submit a report to the District Manager under paragraphs (h) and (i) of this section whenever production begins initially, whenever production ceases, whenever production resumes before the end of the 180-day period after having ceased, or whenever drilling or well-reworking operations begin before the end of the 180-day period.

(h) The reports required by paragraphs (a) and (g) of this section must contain:

(1) Name of lessee or operator;

(2) The well number, lease number, area, and block;

(3) As appropriate, the unit agreement name and number; and

(4) A description of the operation and pertinent dates.

(i) You must submit the reports required by paragraphs (a) and (g) of this section within the following timeframes:

(1) Initialization of production—within 5 days of initial production.

(2) Cessation of production—within 15 days after the first full month of zero production.

(3) Resumption of production—within 5 days of resuming production after ceasing production under paragraph (i)(2) of this section.

(4) Drilling or well reworking operations—within 5 days of beginning and completing the leaseholding operations.

(j) For leases continued beyond the primary term, you must immediately report to the District Manager if operations do not begin before the end of the 180-day period.

§§ 250.181–250.185 [Reserved]

INFORMATION AND REPORTING REQUIREMENTS

§ 250.186 What reporting information and report forms must I submit?

(a) You must submit information and reports as BSEE requires.

(1) You may obtain copies of forms from, and submit completed forms to, the District Manager or Regional Supervisor.

(2) Instead of paper copies of forms available from the District Manager or Regional Supervisor, you may use your own computer-generated forms that are equal in size to BSEE's forms. You must arrange the data on your form identical to the BSEE form. If you generate your own form and it omits terms and conditions contained on the official BSEE form, we will consider it to contain the omitted terms and conditions.

(3) You may submit digital data when the Region/District is equipped to accept it.

(b) When BSEE specifies, you must include, for public information, an additional copy of such reports.

(1) You must mark it *Public Information*

(2) You must include all required information, except information exempt from public disclosure under § 250.197 or otherwise exempt from public disclosure under law or regulation.

§ 250.187 What are BSEE's incident reporting requirements?

(a) You must report all incidents listed in § 250.188(a) and (b) to the District Manager. The specific reporting requirements for these incidents are contained in §§ 250.189 and 250.190.

(b) These reporting requirements apply to incidents that occur on the area covered by your lease, right-of-use and easement, pipeline right-of-way, or other permit issued by BOEM or BSEE, and that are related to operations resulting from the exercise of your rights under your lease, right-of-use and easement, pipeline right-of-way, or permit.

(c) Nothing in this subpart relieves you from making notifications and reports of incidents that may be required by other regulatory agencies.

(d) You must report all spills of oil or other liquid pollutants in accordance with 30 CFR 254.46.

§ 250.188 What incidents must I report to BSEE and when must I report them?

(a) You must report the following incidents to the District Manager immediately via oral communication, and provide a written follow-up report (hard copy or electronically transmitted) within 15 calendar days after the incident:

(1) All fatalities.

(2) All injuries that require the evacuation of the injured person(s) from the facility to shore or to another offshore facility.

(3) All losses of well control. ''Loss of well control'' means:

(i) Uncontrolled flow of formation or other fluids. The flow may be to an exposed formation (an underground blowout) or at the surface (a surface blowout);

(ii) Flow through a diverter; or

(iii) Uncontrolled flow resulting from a failure of surface equipment or procedures.

(4) All fires and explosions.

(5) All reportable releases of hydrogen sulfide (H_2S) gas, as defined in § 250.490(l).

(6) All collisions that result in property or equipment damage greater than $25,000. ''Collision'' means the act of a moving vessel (including an aircraft) striking another vessel, or striking a stationary vessel or object (e.g., a boat striking a drilling rig or platform). ''Property or equipment damage'' means the cost of labor and material to restore all affected items to their condition before the damage, including, but not limited to, the OCS facility, a vessel, helicopter, or equipment. It does not include the cost of salvage, cleaning, gas-freeing, dry docking, or demurrage.

(7) All incidents involving structural damage to an OCS facility. ''Structural damage'' means damage severe enough so that operations on the facility cannot continue until repairs are made.

(8) All incidents involving crane or personnel/material handling operations.

(9) All incidents that damage or disable safety systems or equipment (including firefighting systems).

(b) You must provide a written report of the following incidents to the District Manager within 15 calendar days after the incident:

(1) Any injuries that result in one or more days away from work or one or more days on restricted work or job transfer. One or more days means the injured person was not able to return to work or to all of their normal duties the day after the injury occurred;

(2) All gas releases that initiate equipment or process shutdown;

(3) All incidents that require operations personnel on the facility to muster for evacuation for reasons not related to weather or drills;

(4) All other incidents, not listed in paragraph (a) of this section, resulting in property or equipment damage greater than $25,000.

§ 250.189 Reporting requirements for incidents requiring immediate notification.

For an incident requiring immediate notification under § 250.188(a), you must notify the District Manager via oral communication immediately after aiding the injured and stabilizing the situation. Your oral communication must provide the following information:

(a) Date and time of occurrence;

(b) Operator, and operator representative's, name and telephone number;

(c) Contractor, and contractor representative's name and telephone number (if a contractor is involved in the incident or injury/fatality);

(d) Lease number, OCS area, and block;

(e) Platform/facility name and number, or pipeline segment number;

(f) Type of incident or injury/fatality;

(g) Operation or activity at time of incident (*i.e.*, drilling, production, workover, completion, pipeline, crane, *etc.*); and

(h) Description of the incident, damage, or injury/fatality.

§ 250.190 Reporting requirements for incidents requiring written notification.

(a) For any incident covered under § 250.188, you must submit a written report within 15 calendar days after the incident to the District Manager. The report must contain the following information:

(1) Date and time of occurrence;

(2) Operator, and operator representative's name and telephone number;

(3) Contractor, and contractor representative's name and telephone number (if a contractor is involved in the incident or injury);

(4) Lease number, OCS area, and block;

(5) Platform/facility name and number, or pipeline segment number;

(6) Type of incident or injury;

(7) Operation or activity at time of incident (*i.e.*, drilling, production, workover, completion, pipeline, crane *etc.*);

(8) Description of incident, damage, or injury (including days away from work, restricted work or job transfer), and any corrective action taken; and

(9) Property or equipment damage estimate (in U.S. dollars).

(b) You may submit a report or form prepared for another agency in lieu of the written report required by paragraph (a) of this section, provided the report or form contains all required information.

(c) The District Manager may require you to submit additional information about an incident on a case-by-case basis.

§ 250.191 How does BSEE conduct incident investigations?

Any investigation that BSEE conducts under the authority of sections 22(d)(1) and (2) of the Act (43 U.S.C. 1348(d)(1) and (2)) is a fact-finding proceeding with no adverse parties. The purpose of the investigation is to prepare a public report that determines the cause or causes of the incident. The investigation may involve panel meetings conducted by a chairperson appointed by BSEE. The following requirements apply to any panel meetings involving persons giving testimony:

(a) A person giving testimony may have legal or other representative(s) present to provide advice or counsel while the person is giving testimony. The chairperson may require a verbatim transcript to be made of all oral testimony. The chairperson also may accept a sworn written statement in lieu of oral testimony.

(b) Only panel members, and any experts the panel deems necessary, may address questions to any person giving testimony.

(c) The chairperson may issue subpoenas to persons to appear and provide testimony or documents at a panel meeting. A subpoena may not require a person to attend a panel meeting held at a location more than 100 miles from where a subpoena is served.

(d) Any person giving testimony may request compensation for mileage, and fees for services, within 90 days after the panel meeting. The compensated expenses must be similar to mileage and fees the U.S. District Courts allow.

§ 250.192 What reports and statistics must I submit relating to a hurricane, earthquake, or other natural occurrence?

(a) You must submit evacuation statistics to the Regional Supervisor for a natural occurrence, such as a hurricane, a tropical storm, or an earthquake. Statistics include facilities and rigs evacuated and the amount of production shut-in for gas and oil. You must:

(1) Submit the statistics by fax or e-mail (for activities in the BSEE GOM OCS Region, use Form BSEE–0132) as soon as possible when evacuation occurs. In lieu of submitting your statistics by fax or e-mail, you may submit them electronically in accordance with 30 CFR 250.186(a)(3);

(2) Submit the statistics on a daily basis by 11 a.m., as conditions allow, during the period of shut-in and evacuation;

(3) Inform BSEE when you resume production; and

(4) Submit the statistics either by BSEE district, or the total figures for your operations in a BSEE region.

(b) If your facility, production equipment, or pipeline is damaged by a natural occurrence, you must:

(1) Submit an initial damage report to the Regional Supervisor within 48 hours after you complete your initial evaluation of the damage. You must use Form BSEE–0143, Facility/Equipment Damage Report, to make this and all subsequent reports. In lieu of submitting Form BSEE–0143 by fax or e-mail, you may submit the damage report electronically in accordance with 30 CFR 250.186(a)(3). In the report, you must:

(i) Name the items damaged (e.g., platform or other structure, production equipment, pipeline);

(ii) Describe the damage and assess the extent of the damage (major, medium, minor); and

(iii) Estimate the time it will take to replace or repair each damaged structure and piece of equipment and return it to service. The initial estimate need not be provided on the form until availability of hardware and repair capability has been established (not to exceed 30 days from your initial report).

(2) Submit subsequent reports monthly and immediately whenever information submitted in previous reports changes until the damaged structure or equipment is returned to service. In the final report, you must provide the date the item was returned to service.

§ 250.193 Reports and investigations of apparent violations.

Any person may report to BSEE an apparent violation or failure to comply with any provision of the Act, any provision of a lease, license, or permit issued under the Act, or any provision of any regulation or order issued under the Act. When BSEE receives a report of an apparent violation, or when a BSEE employee detects an apparent violation after making an initial determination of the validity, BSEE will investigate according to BSEE procedures.

§ 250.194 How must I protect archaeological resources?

(a)–(b) [Reserved]

(c) If you discover any archaeological resource while conducting operations in the lease or right-of-way area, you must immediately halt operations within the area of the discovery and report the discovery to the BSEE Regional Director. If investigations determine that the resource is significant, the Regional Director will tell you how to protect it.

§ 250.195 What notification does BSEE require on the production status of wells?

You must notify the appropriate BSEE District Manager when you successfully complete or recomplete a well for production. You must:

(a) Notify the District Manager within 5 working days of placing the well in a production status. You must confirm oral notification by telefax or e-mail within those 5 working days.

(b) Provide the following information in your notification:

(1) Lessee or operator name;

(2) Well number, lease number, and OCS area and block designations;

(3) Date you placed the well on production (indicate whether or not this is first production on the lease);

(4) Type of production; and

(5) Measured depth of the production interval.

§ 250.196 Reimbursements for reproduction and processing costs.

(a) BSEE will reimburse you for costs of reproducing data and information that the Regional Director requests if:

(1) You deliver geophysical and geological (G&G) data and information to BSEE for the Regional Director to inspect or select and retain;

(2) BSEE receives your request for reimbursement and the Regional Director determines that the requested reimbursement is proper; and

(3) The cost is at your lowest rate or at the lowest commercial rate established in the area, whichever is less.

(b) BSEE will reimburse you for the costs of processing geophysical information (that does not include cost of data acquisition):

(1) If, at the request of the Regional Director, you processed the geophysical data or information in a form or manner other than that used in the normal conduct of business; or

(2) If you collected the information under a permit that BSEE issued to you before October 1, 1985, and the Regional Director requests and retains the information.

(c) When you request reimbursement, you must identify reproduction and processing costs separately from acquisition costs.

(d) BSEE will not reimburse you for data acquisition costs or for the costs of analyzing or processing geological information or interpreting geological or geophysical information.

§ 250.197 Data and information to be made available to the public or for limited inspection.

BSEE will protect data and information that you submit under this part, and 30 CFR part 203, as described in this section. Paragraphs (a) and (b) of this section describe what data and information will be made available to the public without the consent of the lessee, under what circumstances, and in what time period. Paragraph (c) of this section describes what data and information will be made available for limited inspection without the consent of

the lessee, and under what circumstances.

(a) All data and information you submit on BSEE forms will be made available to the public upon submission, except as specified in the following table:

On form . . .	Data and information not immediately available are . . .	Excepted data will be made available . . .
(1) BSEE–0123, Application for Permit to Drill,	Items 15, 16, 22 through 25,	When the well goes on production or according to the table in paragraph (b) of this section, whichever is earlier.
(2) BSEE–0123S, Supplemental APD Information Sheet,	Items 3, 7, 8, 15 and 17,	When the well goes on production or according to the table in paragraph (b) of this section, whichever is earlier.
(3) BSEE–0124, Application for Permit to Modify,	Item 17,	When the well goes on production or according to the table in paragraph (b) of this section, whichever is earlier.
(4) BSEE–0125, End of Operations Report,	Items 12, 13, 17, 21, 22, 26 through 38,	When the well goes on production or according to the table in paragraph (b) of this section, whichever is earlier. However, items 33 through 38 will not be released when the well goes on production unless the period of time in the table in paragraph (b) has expired.
(5) BSEE–0126, Well Potential Test Report,	Item 101,	2 years after you submit it.
(6) [Reserved]		
(7) BSEE–0133 Well Activity Report,	Item 10 Fields [WELLBORE START DATE, TD DATE, OP STATUS, END DATE, MD, TVD, AND MW PPG]. Item 11 Fields [WELLBORE START DATE, TD DATE, PLUGBACK DATE, FINAL MD, AND FINAL TVD] and Items 12 through 15,	When the well goes on production or according to the table in paragraph (b) of this section, whichever is earlier.
(8) BSEE–0133S Open Hole Data Report,	Boxes 7 and 8,	When the well goes on production or according to the table in paragraph (b) of this section, whichever is earlier.
(9) [Reserved]		
(10) [Reserved]		

(b) BSEE will release lease and permit data and information that you submit and BSEE retains, but that are not normally submitted on BSEE forms, according to the following table:

If . . .	BSEE will release . . .	At this time . . .	Special provisions . . .
(1) The Director determines that data and information are needed for specific scientific or research purposes for the Government,	Geophysical data, Geological data Interpreted G&G information, Processed G&G information, Analyzed geological information,	At any time,	BSEE will release data and information only if release would further the National interest without unduly damaging the competitive position of the lessee.
(2) Data or information is collected with high-resolution systems (e.g., bathymetry, side-scan sonar, subbottom profiler, and magnetometer) to comply with safety or environmental protection requirements,	Geophysical data, Geological data, Interpreted G&G information, Processed geological information, Analyzed geological information,	60 days after BSEE receives the data or information, if the Regional Supervisor deems it necessary,	BSEE will release the data and information earlier than 60 days if the Regional Supervisor determines it is needed by affected States to make decisions under 30 CFR 550, subpart B. The Regional Supervisor will reconsider earlier release if you satisfy him/her that it would unduly damage your competitive position.

If . . .	BSEE will release . . .	At this time . . .	Special provisions . . .
(3) Your lease is no longer in effect,	Geophysical data, Geological data, Processed G&G information Interpreted G&G information, Analyzed geological information,	When your lease terminates,	This release time applies only if the provisions in this table governing high-resolution systems and the provisions in 30 CFR 552.7 do not apply. The release time applies to the geophysical data and information only if acquired postlease for a lessee's exclusive use.
(4) Your lease is still in effect,	Geophysical data, Processed geophysical information, Interpreted G&G information,	10 years after you submit the data and information,	This release time applies only if the provisions in this table governing high-resolution systems and the provisions in 30 CFR 552.7 do not apply. This release time applies to the geophysical data and information only if acquired postlease for a lessee's exclusive use.
(5) Your lease is still in effect and within the primary term specified in the lease,	Geological data, Analyzed geological information,	2 years after the required submittal date or 60 days after a lease sale if any portion of an offered lease is within 50 miles of a well, whichever is later,	These release times apply only if the provisions in this table governing high-resolution systems and the provisions in 30 CFR 552.7 do not apply. If the primary term specified in the lease is extended under the heading of ''Suspensions'' in this subpart, the extension applies to this provision.
(6) Your lease is in effect and beyond the primary term specified in the lease,	Geological data, Analyzed geological information,	2 years after the required submittal date,	None.
(7) Data or information is submitted on well operations,	Descriptions of downhole locations, operations, and equipment,	When the well goes on production or when geological data is released according to §§ 250.197(b)(5) and (b)(6), whichever occurs earlier,	Directional survey data may be released earlier to the owner of an adjacent lease according to Subpart D of this part.
(8) Data and information are obtained from beneath unleased land as a result of a well deviation that has not been approved by the District Manager or Regional Supervisor,	Any data or information obtained,	At any time,	None.
(9) Except for high-resolution data and information released under paragraph (b)(2) of this section data and information acquired by a permit under 30 CFR part 551 are submitted by a lessee under 30 CFR part 203, 30 CFR part 250, or 30 CFR part 550,	G&G data, analyzed geological information, processed and interpreted G&G information,	Geological data and information: 10 years after BOEM issues the permit; Geophysical data: 50 years after BOEM issues the permit; Geophysical information: 25 years after BOEM issues the permit,	None.

(c) BSEE may allow limited inspection, but only by persons with a direct interest in related BSEE decisions and issues in specific geographic areas, and who agree in writing to its confidentiality, of G&G data and information submitted under this part or 30 CFR part 203 that BSEE uses to:

(1) Make unitization determinations on two or more leases;

(2) Make competitive reservoir determinations;

(3) Ensure proper plans of development for competitive reservoirs;

(4) Promote operational safety;

(5) Protect the environment;

(6) [Reserved]; or

(7) Determine eligibility for royalty relief.

REFERENCES

§ 250.198 Documents incorporated by reference.

(a) The BSEE is incorporating by reference the documents listed in paragraphs (e) through (k) of this section. Paragraphs (e) through (k) identify the publishing organization of the documents, the address and phone number where you may obtain these documents, and the documents incorporated by reference. The Director of the Federal Register has approved the incorporations by reference according to 5 U.S.C. 552(a) and 1 CFR part 51.

(1) Incorporation by reference of a document is limited to the edition of the publication that is cited in this section. Future amendments or revisions of the document are not included. The BSEE will publish any changes to a document in the FEDERAL REGISTER and amend this section.

(2) The BSEE may make the rule amending the document effective without prior opportunity for public comment when BSEE determines:

(i) That the revisions to a document result in safety improvements or represent new industry standard technology and do not impose undue costs on the affected parties; and

(ii) The BSEE meets the requirements for making a rule immediately effective under 5 U.S.C. 553.

(3) The effect of incorporation by reference of a document into the regulations in this part is that the incorporated document is a requirement. When a section in this part incorporates all of a document, you are responsible for complying with the provisions of that entire document, except to the extent that section provides otherwise. When a section in this part incorporates part of a document, you are responsible for complying with that part of the document as provided in that section. If any incorporated document uses the word *should*, it means *must* for purposes of these regulations.

(b) The BSEE incorporated each document or specific portion by reference in the sections noted. The entire document is incorporated by reference, unless the text of the corresponding sections in this part calls for compliance with specific portions of the listed documents. In each instance, the applicable document is the specific edition or specific edition and supplement or addendum cited in this section.

(c) Under §§ 250.141 and 250.142, you may comply with a later edition of a specific document incorporated by reference, provided:

(1) You show that complying with the later edition provides a degree of protection, safety, or performance equal to or better than would be achieved by compliance with the listed edition; and

(2) You obtain the prior written approval for alternative compliance from the authorized BSEE official.

(d) You may inspect these documents at the Bureau of Safety and Environmental Enforcement, 381 Elden Street, Room 3313, Herndon, Virginia 20170; phone: 703–787–1587; or at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202–741–6030, or go to: *http://www.archives.gov/federal_register/code_of_federal_regulations/ibr_locations.htm.*

(e) American Concrete Institute (ACI), ACI Standards, P. O. Box 9094, Farmington Hill, MI 48333–9094: *http://www.concrete.org;* phone: 248–848–3700:

(1) ACI Standard 318–95, Building Code Requirements for Reinforced Concrete (ACI 318–95), incorporated by reference at § 250.901.

(2) ACI 318R–95, Commentary on Building Code Requirements for Reinforced Concrete, incorporated by reference at § 250.901.

(3) ACI 357R–84, Guide for the Design and Construction of Fixed Offshore Concrete Structures, 1984; reapproved 1997, incorporated by reference at § 250.901.

(f) American Institute of Steel Construction, Inc. (AISC), AISC Standards, One East Wacker Drive, Suite 700, Chicago, IL 60601–1802; *http://www.aisc.org;* phone: 312–670–2400:

(1) ANSI/AISC 360–05, Specification for Structural Steel Buildings incorporated by reference at § 250.901.

(2) [Reserved]

(g) American National Standards Institute (ANSI), ANSI/ASME Codes,

ATTN: Sales Department, 25 West 43rd Street, 4th Floor, New York, NY 10036; *http://www.ansi.org;* phone: 212–642–4900; and/or American Society of Mechanical Engineers (ASME), 22 Law Drive, P.O. Box 2900, Fairfield, NJ 07007–2900; *http://www.asme.org;* phone: 973–882–5155:

(1) ANSI/ASME Boiler and Pressure Vessel Code, Section I, Rules for Construction of Power Boilers; including Appendices, 2004 Edition; and July 1, 2005 Addenda, and all Section I Interpretations Volume 55, incorporated by reference at § 250.803 and § 250.1629;

(2) ANSI/ASME Boiler and Pressure Vessel Code, Section IV, Rules for Construction of Heating Boilers; including Appendices 1, 2, 3, 5, 6, and Non-mandatory Appendices B, C, D, E, F, H, I, K, L, and M, and the Guide to Manufacturers Data Report Forms, 2004 Edition; July 1, 2005 Addenda, and all Section IV Interpretations Volume 55, incorporated by reference at §§ 250.803 and 250.1629;

(3) ANSI/ASME Boiler and Pressure Vessel Code, Section VIII, Rules for Construction of Pressure Vessels; Divisions 1 and 2, 2004 Edition; July 1, 2005 Addenda, Divisions 1 and 2, and all Section VIII Interpretations Volumes 54 and 55, incorporated by reference at §§ 250.803 and 250.1629;

(4) ANSI/ASME B 16.5–2003, Pipe Flanges and Flanged Fittings incorporated by reference at § 250.1002;

(5) ANSI/ASME B 31.8–2003, Gas Transmission and Distribution Piping Systems incorporated by reference at § 250.1002;

(6) ANSI/ASME SPPE–1–1994, Quality Assurance and Certification of Safety and Pollution Prevention Equipment Used in Offshore Oil and Gas Operations, incorporated by reference at § 250.806;

(7) ANSI/ASME SPPE–1d–1996 Addenda, Quality Assurance and Certification of Safety and Pollution Prevention Equipment Used in Offshore Oil and Gas Operations, incorporated by reference at § 250.806;

(8) ANSI Z88.2–1992, American National Standard for Respiratory Protection, incorporated by reference at, § 250.490.

(h) American Petroleum Institute (API), API Recommended Practices (RP), Specs, Standards, Manual of Petroleum Measurement Standards (MPMS) chapters, 1220 L Street, NW., Washington, DC 20005–4070; *http://www.api.org;* phone: 202–682–8000:

(1) API 510, Pressure Vessel Inspection Code: In-Service Inspection, Rating, Repair, and Alteration, Downstream Segment, Ninth Edition, June 2006; incorporated by reference at §§ 250.803 and 250.1629;

(2) API Bulletin 2INT–DG, Interim Guidance for Design of Offshore Structures for Hurricane Conditions, May 2007; incorporated by reference at § 250.901;

(3) API Bulletin 2INT–EX, Interim Guidance for Assessment of Existing Offshore Structures for Hurricane Conditions, May 2007; incorporated by reference at § 250.901;

(4) API Bulletin 2INT–MET, Interim Guidance on Hurricane Conditions in the Gulf of Mexico, May 2007; incorporated by reference at § 250.901;

(5) API MPMS, Chapter 1—Vocabulary, Second Edition, July 1994; incorporated by reference at § 250.1201;

(6) API MPMS, Chapter 2—Tank Calibration, Section 2A—Measurement and Calibration of Upright Cylindrical Tanks by the Manual Tank Strapping Method, First Edition, February 1995; reaffirmed February 2007; incorporated by reference at § 250.1202;

(7) API MPMS, Chapter 2—Tank Calibration, Section 2B—Calibration of Upright Cylindrical Tanks Using the Optical Reference Line Method, First Edition, March 1989; reaffirmed, December 2007; incorporated by reference at § 250.1202;

(8) API MPMS, Chapter 3—Tank Gauging, Section 1A—Standard Practice for the Manual Gauging of Petroleum and Petroleum Products, Second Edition, August 2005; incorporated by reference at § 250.1202;

(9) API MPMS, Chapter 3—Tank Gauging, Section 1B—Standard Practice for Level Measurement of Liquid Hydrocarbons in Stationary Tanks by Automatic Tank Gauging, Second Edition, June 2001, reaffirmed, October 2006; incorporated by reference at § 250.1202;

(10) API MPMS, Chapter 4—Proving Systems, Section 1—Introduction, Third Edition, February 2005; incorporated by reference at § 250.1202;

(11) API MPMS, Chapter 4—Proving Systems, Section 2—Displacement Provers, Third Edition, September 2003; incorporated by reference at § 250.1202;

(12) API MPMS, Chapter 4—Proving Systems, Section 4—Tank Provers, Second Edition, May 1998, reaffirmed November 2005; incorporated by reference at § 250.1202;

(13) API MPMS, Chapter 4—Proving Systems, Section 5—Master-Meter Provers, Second Edition, May 2000, reaffirmed: August 2005; incorporated by reference at § 250.1202;

(14) API MPMS, Chapter 4—Proving Systems, Section 6—Pulse Interpolation, Second Edition, May 1999; reaffirmed 2003; incorporated by reference at § 250.1202;

(15) API MPMS, Chapter 4—Proving Systems, Section 7—Field Standard Test Measures, Second Edition, December 1998; reaffirmed 2003; incorporated by reference at § 250.1202;

(16) API MPMS, Chapter 5—Metering, Section 1—General Considerations for Measurement by Meters, Fourth Edition, September 2005; incorporated by reference at § 250.1202;

(17) API MPMS, Chapter 5—Metering, Section 2—Measurement of Liquid Hydrocarbons by Displacement Meters, Third Edition, September 2005; incorporated by reference at § 250.1202;

(18) API MPMS Chapter 5—Metering, Section 3—Measurement of Liquid Hydrocarbons by Turbine Meters, Fifth Edition, September 2005; incorporated by reference at § 250.1202;

(19) API MPMS, Chapter 5—Metering, Section 4—Accessory Equipment for Liquid Meters, Fourth Edition, September 2005; incorporated by reference at § 250.1202;

(20) API MPMS, Chapter 5—Metering, Section 5—Fidelity and Security of Flow Measurement Pulsed-Data Transmission Systems, Second Edition, August 2005; incorporated by reference at § 250.1202;

(21) API MPMS, Chapter 6—Metering Assemblies, Section 1—Lease Automatic Custody Transfer (LACT) Systems, Second Edition, May 1991; reaffirmed, April 2007; incorporated by reference at § 250.1202;

(22) API MPMS, Chapter 6—Metering Assemblies, Section 6—Pipeline Metering Systems, Second Edition, May 1991; reaffirmed, February 2007; incorporated by reference at § 250.1202;

(23) API MPMS, Chapter 6—Metering Assemblies, Section 7—Metering Viscous Hydrocarbons, Second Edition, May 1991; reaffirmed, April 2007; incorporated by reference at § 250.1202;

(24) API MPMS, Chapter 7—Temperature Determination, First Edition, June 2001; reaffirmed, March 2007; incorporated by reference at § 250.1202;

(25) API MPMS, Chapter 8—Sampling, Section 1—Standard Practice for Manual Sampling of Petroleum and Petroleum Products, Third Edition, October 1995; reaffirmed, March 2006; incorporated by reference at § 250.1202;

(26) API MPMS, Chapter 8—Sampling, Section 2—Standard Practice for Automatic Sampling of Liquid Petroleum and Petroleum Products, Second Edition, October 1995; reaffirmed, June 2005; incorporated by reference at § 250.1202;

(27) API MPMS, Chapter 9—Density Determination, Section 1—Standard Test Method for Density, Relative Density (Specific Gravity), or API Gravity of Crude Petroleum and Liquid Petroleum Products by Hydrometer Method, Second Edition, December 2002; reaffirmed October 2005; incorporated by reference at § 250.1202(a)(3) and (l)(4);

(28) API MPMS, Chapter 9—Density Determination, Section 2—Standard Test Method for Density or Relative Density of Light Hydrocarbons by Pressure Hydrometer, Second Edition, March 2003; incorporated by reference at § 250.1202;

(29) API MPMS, Chapter 10—Sediment and Water, Section 1—Standard Test Method for Sediment in Crude Oils and Fuel Oils by the Extraction Method, Third Edition, November 2007; incorporated by reference at § 250.1202;

(30) API MPMS, Chapter 10—Sediment and Water, Section 2—Standard Test Method for Water in Crude Oil by Distillation, Second Edition, November 2007; incorporated by reference at § 250.1202;

(31) API MPMS, Chapter 10—Sediment and Water, Section 3—Standard Test Method for Water and Sediment in Crude Oil by the Centrifuge Method (Laboratory Procedure), Third Edition, May 2008; incorporated by reference at § 250.1202;

(32) API MPMS, Chapter 10—Sediment and Water, Section 4—Determination of Water and/or Sediment in Crude Oil by the Centrifuge Method (Field Procedure), Third Edition, December 1999; incorporated by reference at § 250.1202;

(33) API MPMS, Chapter 10—Sediment and Water, Section 9—Standard Test Method for Water in Crude Oils by Coulometric Karl Fischer Titration, Second Edition, December 2002; reaffirmed 2005; incorporated by reference at § 250.1202;

(34) API MPMS, Chapter 11.1—Volume Correction Factors, Volume 1, Table 5A—Generalized Crude Oils and JP–4 Correction of Observed API Gravity to API Gravity at 60 °F, and Table 6A—Generalized Crude Oils and JP–4 Correction of Volume to 60 °F Against API Gravity at 60 °F, API Standard 2540, First Edition, August 1980; reaffirmed March 1997; incorporated by reference at § 250.1202;

(35) API MPMS, Chapter 11.2.2—Compressibility Factors for Hydrocarbons: 0.350–0.637 Relative Density (60 °F/60 °F) and −50 °F to 140 °F Metering Temperature, Second Edition, October 1986; reaffirmed: December 2007; incorporated by reference at § 250.1202;

(36) API MPMS, Chapter 11—Physical Properties Data, Addendum to Section 2, Part 2—Compressibility Factors for Hydrocarbons, Correlation of Vapor Pressure for Commercial Natural Gas Liquids, First Edition, December 1994; reaffirmed, December 2002; incorporated by reference at § 250.1202;

(37) API MPMS, Chapter 12—Calculation of Petroleum Quantities, Section 2—Calculation of Petroleum Quantities Using Dynamic Measurement Methods and Volumetric Correction Factors, Part 1—Introduction, Second Edition, May 1995; reaffirmed March 2002; incorporated by reference at § 250.1202;

(38) API MPMS, Chapter 12—Calculation of Petroleum Quantities, Section 2—Calculation of Petroleum Quantities Using Dynamic Measurement Methods and Volumetric Correction Factors, Part 2—Measurement Tickets, Third Edition, June 2003; incorporated by reference at § 250.1202;

(39) API MPMS, Chapter 14—Natural Gas Fluids Measurement, Section 3—Concentric, Square-Edged Orifice Meters, Part 1—General Equations and Uncertainty Guidelines, Third Edition, September 1990; reaffirmed January 2003; incorporated by reference at § 250.1203;

(40) API MPMS, Chapter 14—Natural Gas Fluids Measurement, Section 3—Concentric, Square-Edged Orifice Meters, Part 2—Specification and Installation Requirements, Fourth Edition, April 2000; reaffirmed March 2006; incorporated by reference at § 250.1203;

(41) API MPMS, Chapter 14—Natural Gas Fluids Measurement, Section 3—Concentric, Square-Edged Orifice Meters; Part 3—Natural Gas Applications; Third Edition, August 1992; Errata March 1994, reaffirmed, February 2009; incorporated by reference at § 250.1203;

(42) API MPMS, Chapter 14.5/GPA Standard 2172–09; Calculation of Gross Heating Value, Relative Density, Compressibility and Theoretical Hydrocarbon Liquid Content for Natural Gas Mixtures for Custody Transfer; Third Edition, January 2009; incorporated by reference at § 250.1203;

(43) API MPMS, Chapter 14—Natural Gas Fluids Measurement, Section 6—Continuous Density Measurement, Second Edition, April 1991; reaffirmed, February 2006; incorporated by reference at § 250.1203;

(44) API MPMS, Chapter 14—Natural Gas Fluids Measurement, Section 8—Liquefied Petroleum Gas Measurement, Second Edition, July 1997; reaffirmed, March 2006; incorporated by reference at § 250.1203;

(45) API MPMS, Chapter 20—Section 1—Allocation Measurement, First Edition, September 1993; reaffirmed October 2006; incorporated by reference at § 250.1202;

(46) API MPMS, Chapter 21—Flow Measurement Using Electronic Metering Systems, Section 1—Electronic Gas Measurement, First Edition, August 1993; reaffirmed, July 2005; incorporated by reference at § 250.1203;

(47) API RP 2A–WSD, Recommended Practice for Planning, Designing and Constructing Fixed Offshore Platforms—Working Stress Design, Twenty-first Edition, December 2000; Errata and Supplement 1, December 2002; Errata and Supplement 2, September 2005; Errata and Supplement 3, October 2007;

incorporated by reference at §§ 250.901, 250.908, 250.919, and 250.920;

(48) API RP 2D, Operation and Maintenance of Offshore Cranes, Sixth Edition, May 2007; incorporated by reference at § 250.108;

(49) API RP 2FPS, RP for Planning, Designing, and Constructing Floating Production Systems; First Edition, March 2001; incorporated by reference at § 250.901;

(50) API RP 2I, In-Service Inspection of Mooring Hardware for Floating Structures; Third Edition, April 2008; incorporated by reference at § 250.901(a) and (d);

(51) API RP 2RD, Recommended Practice for Design of Risers for Floating Production Systems (FPSs) and Tension-Leg Platforms (TLPs), First Edition, June 1998; reaffirmed, May 2006, Errata, June 2009; incorporated by reference at §§ 250.800; 250.901 and 250.1002;

(52) API RP 2SK, Design and Analysis of Stationkeeping Systems for Floating Structures, Third Edition, October 2005, Addendum, May 2008; incorporated by reference at §§ 250.800 and 250.901;

(53) API RP 2SM, Recommended Practice for Design, Manufacture, Installation, and Maintenance of Synthetic Fiber Ropes for Offshore Mooring, First Edition, March 2001, Addendum, May 2007; incorporated by reference at § 250.901;

(54) API RP 2T, Recommended Practice for Planning, Designing, and Constructing Tension Leg Platforms, Second Edition, August 1997; incorporated by reference at § 250.901;

(55) API RP 14B, Recommended Practice for Design, Installation, Repair and Operation of Subsurface Safety Valve Systems, Fifth Edition, October 2005, also available as ISO 10417: 2004, (Identical) Petroleum and natural gas industries—Subsurface safety valve systems—Design, installation, operation and redress; incorporated by reference at §§ 250.801 and 250.804;

(56) API RP 14C, Recommended Practice for Analysis, Design, Installation, and Testing of Basic Surface Safety Systems for Offshore Production Platforms, Seventh Edition, March 2001, reaffirmed: March 2007; incorporated by reference at §§ 250.125, 250.292, 250.802, 250.803, 250.804, 250.1002, 250.1004, 250.1628, 250.1629, and 250.1630;

(57) API RP 14E, Recommended Practice for Design and Installation of Offshore Production Platform Piping Systems, Fifth Edition, October 1991; reaffirmed, March 2007; incorporated by reference at §§ 250.802 and 250.1628;

(58) API RP 14F, Design, Installation, and Maintenance of Electrical Systems for Fixed and Floating Offshore Petroleum Facilities for Unclassified and Class I, Division 1 and Division 2 Locations, Fifth Edition, July 2008; incorporated by reference at §§ 250.114, 250.803, and 250.1629;

(59) API RP 14FZ, Recommended Practice for Design and Installation of Electrical Systems for Fixed and Floating Offshore Petroleum Facilities for Unclassified and Class I, Zone 0, Zone 1 and Zone 2 Locations, First Edition, September 2001, reaffirmed: March 2007; incorporated by reference at §§ 250.114, 250.803, and 250.1629;

(60) API RP 14G, Recommended Practice for Fire Prevention and Control on Fixed Open-type Offshore Production Platforms, Fourth Edition, April 2007; incorporated by reference at §§ 250.803 and 250.1629;

(61) API RP 14H, Recommended Practice for Installation, Maintenance and Repair of Surface Safety Valves and Underwater Safety Valves Offshore, Fifth Edition, August 2007; incorporated by reference at §§ 250.802 and 250.804;

(62) API RP 14J, Recommended Practice for Design and Hazards Analysis for Offshore Production Facilities, Second Edition, May 2001; reaffirmed: March 2007; incorporated by reference at §§ 250.800 and 250.901;

(63) API RP 53, Recommended Practices for Blowout Prevention Equipment Systems for Drilling Wells, Third Edition, March 1997; reaffirmed September 2004; incorporated by reference at §§ 250.442, 250.446, 250.516, and 250.617,

(64) API RP 65, Recommended Practice for Cementing Shallow Water Flow Zones in Deepwater Wells, First Edition, September 2002; incorporated by reference at § 250.415;

(65) API RP 500, Recommended Practice for Classification of Locations for Electrical Installations at Petroleum Facilities Classified as Class I, Division

1 and Division 2, Second Edition, November 1997; reaffirmed November 2002; incorporated by reference at §§ 250.114, 250.459, 250.802, 250.803, 250.1628, and 250.1629;

(66) API RP 505, Recommended Practice for Classification of Locations for Electrical Installations at Petroleum Facilities Classified as Class I, Zone 0, Zone 1, and Zone 2, First Edition, November 1997; reaffirmed November 2002; incorporated by reference at §§ 250.114, 250.459, 250.802, 250.803, 250.1628, and 250.1629;

(67) API RP 2556, Recommended Practice for Correcting Gauge Tables for Incrustation, Second Edition, August 1993; reaffirmed November 2003; incorporated by reference at § 250.1202;

(68) ANSI/API Spec. Q1, Specification for Quality Programs for the Petroleum, Petrochemical and Natural Gas Industry, ISO TS 29001:2007 (Identical), Petroleum, petrochemical and natural gas industries—Sector specific requirements—Requirements for product and service supply organizations, Eighth Edition, December 2007, Effective Date: June 15, 2008; incorporated by reference at § 250.806;

(69) API Spec. 2C, Specification for Offshore Pedestal Mounted Cranes, Sixth Edition, March 2004, Effective Date: September 2004; incorporated by reference at § 250.108;

(70) ANSI/API Spec. 6A, Specification for Wellhead and Christmas Tree Equipment, Nineteenth Edition, July 2004; Effective Date: February 1, 2005; Contains API Monogram Annex as Part of U.S. National Adoption; ISO 10423:2003 (Modified), Petroleum and natural gas industries—Drilling and production equipment—Wellhead and Christmas tree equipment; Errata 1, September 2004, Errata 2, April 2005, Errata 3, June 2006, Errata 4, August 2007, Errata 5, May 2009; Addendum 1, February 2008; Addendum 2, 3, and 4, December 2008; incorporated by reference at §§ 250.806 and 250.1002;

(71) API Spec. 6AV1, Specification for Verification Test of Wellhead Surface Safety Valves and Underwater Safety Valves for Offshore Service, First Edition, February 1, 1996; reaffirmed January 2003; incorporated by reference at § 250.806;

(72) ANSI/API Spec. 6D, Specification for Pipeline Valves, Twenty-third Edition, April 2008; Effective Date: October 1, 2008, Errata 1, June 2008; Errata 2, November 2008; Errata 3, February 2009; Addendum 1, October 2009; Contains API Monogram Annex as Part of U.S. National Adoption; ISO 14313:2007 (Identical), Petroleum and natural gas industries—Pipeline transportation systems—Pipeline valves; incorporated by reference at § 250.1002;

(73) ANSI/API Spec. 14A, Specification for Subsurface Safety Valve Equipment, Eleventh Edition, October 2005, Effective Date: May 1, 2006; also available as ISO 10432:2004; incorporated by reference at § 250.806;

(74) ANSI/API Spec. 17J, Specification for Unbonded Flexible Pipe, Third Edition, July 2008; Effective Date: January 1, 2009, Contains API Monogram Annex as Part of U.S. National Adoption; ISO 13628–2:2006 (Identical), Petroleum and natural gas industries—Design and operation of subsea production systems—Part 2: Unbonded flexible pipe systems for subsea and marine application; incorporated by reference at §§ 250.803, 250.1002, and 250.1007;

(75) API Standard 2552, USA Standard Method for Measurement and Calibration of Spheres and Spheroids, First Edition, 1966; reaffirmed, October 2007; incorporated by reference at § 250.1202;

(76) API Standard 2555, Method for Liquid Calibration of Tanks, First Edition, September 1966; reaffirmed March 2002; incorporated by reference at § 250.1202.

(77) API RP 90, Annular Casing Pressure Management for Offshore Wells, First Edition, August 2006, incorporated by reference at § 250.518.

(78) API RP 65–Part 2, Isolating Potential Flow Zones During Well Construction; First Edition, May 2010; incorporated by reference at § 250.415.

(79) API RP 75, Recommended Practice for Development of a Safety and Environmental Management Program for Offshore Operations and Facilities, Third Edition, May 2004, Reaffirmed May 2008; incorporated by reference at §§ 250.1900, 250.1902, 250.1903, 250.1909, 250.1920.

(80) API Manual of Petroleum Measurement Standards (MPMS) Chapter

4—Proving Systems, Section 8—Operation of Proving Systems; First Edition, reaffirmed March 2007; incorporated by reference at § 250.1202(a)(2), (a)(3), (f)(1), and (g);

(81) API Manual of Petroleum Measurement Standards (MPMS) Chapter 5—Metering, Section 6—Measurement of Liquid Hydrocarbons by Coriolis Meters; First Edition, reaffirmed March 2008; incorporated by reference at § 250.1202(a)(2) and (3);

(82) API Manual of Petroleum Measurement Standards (MPMS) Chapter 5—Metering, Section 8—Measurement of Liquid Hydrocarbons by Ultrasonic Flow Meters Using Transit Time Technology; First Edition, February 2005; incorporated by reference at § 250.1202(a)(2) and (3);

(83) API Manual of Petroleum Measurement Standards (MPMS) Chapter 11—Physical Properties Data, Section 1—Temperature and Pressure Volume Correction Factors for Generalized Crude Oils, Refined Products, and Lubricating Oils; May 2004, (incorporating Addendum 1, September 2007); incorporated by reference at § 250.1202(a)(2), (a)(3), (g), and (l)(4);

(84) API Manual of Petroleum Measurement Standards (MPMS) Chapter 12—Calculation of Petroleum Quantities, Section 2—Calculation of Petroleum Quantities Using Dynamic Measurement Methods and Volumetric Correction Factors, Part 3—Proving Reports; First Edition, reaffirmed 2009; incorporated by reference at § 250.1202(a)(2), (a)(3), and (g);

(85) API Manual of Petroleum Measurement Standards (MPMS) Chapter 12—Calculation of Petroleum Quantities, Section 2—Calculation of Petroleum Quantities Using Dynamic Measurement Methods and Volumetric Correction Factors, Part 4—Calculation of Base Prover Volumes by the Waterdraw Method, First Edition, reaffirmed 2009; incorporated by reference at § 250.1202(a)(2), (a)(3), (f)(1), and (g);

(86) API Manual of Petroleum Measurement Standards (MPMS) Chapter 21—Flow Measurement Using Electronic Metering Systems, Section 2—Electronic Liquid Volume Measurement Using Positive Displacement and Turbine Meters; First Edition, June 1998; incorporated by reference at § 250.1202(a)(2);

(87) API Manual of Petroleum Measurement Standards Chapter 21—Flow Measurement Using Electronic Metering Systems, Addendum to Section 2—Flow Measurement Using Electronic Metering Systems, Inferred Mass; First Edition, reaffirmed February 2006; incorporated by reference at § 250.1202(a)(2);

(88) API RP 86, API Recommended Practice for Measurement of Multiphase Flow; First Edition, September 2005; incorporated by reference at § 250.1202(a)(2), (a)(3), and § 250.1203(b)(2).

(i) American Society for Testing and Materials (ASTM), ASTM Standards, 100 Bar Harbor Drive, P. O. Box C700, West Conshohocken, PA 19428–2959; *http://www.astm.org;* phone: 610–832–9500:

(1) ASTM Standard C 33–07, approved December 15, 2007, Standard Specification for Concrete Aggregates; incorporated by reference at § 250.901;

(2) ASTM Standard C 94/C 94M–07, approved January 1, 2007, Standard Specification for Ready-Mixed Concrete; incorporated by reference at § 250.901;

(3) ASTM Standard C 150–07, approved May 1, 2007, Standard Specification for Portland Cement; incorporated by reference at § 250.901;

(4) ASTM Standard C 330–05, approved December 15, 2005, Standard Specification for Lightweight Aggregates for Structural Concrete; incorporated by reference at § 250.901;

(5) ASTM Standard C 595–08, approved January 1, 2008, Standard Specification for Blended Hydraulic Cements; incorporated by reference at § 250.901;

(j) American Welding Society (AWS), AWS Codes, 550 NW, LeJeune Road, Miami, FL 33126; *http://www.aws.org;* phone: 800–443–9353:

(1) AWS D1.1:2000, Structural Welding Code—Steel, 17th Edition, October 18, 1999; incorporated by reference at § 250.901;

(2) AWS D1.4–98, Structural Welding Code—Reinforcing Steel, 1998 Edition; incorporated by reference at § 250.901;

(3) AWS D3.6M:1999, Specification for Underwater Welding (1999); incorporated by reference at § 250.901.

(k) National Association of Corrosion Engineers (NACE), NACE Standards, 1440 South Creek Drive, Houston, TX

77084; *http://www.nace.org;* phone: 281–228–6200:

(1) NACE Standard MR0175–2003, Standard Material Requirements, Metals for Sulfide Stress Cracking and Stress Corrosion Cracking Resistance in Sour Oilfield Environments, Revised January 17, 2003; incorporated by reference at §§ 250.901 and 250.490;

(2) NACE Standard RP0176–2003, Standard Recommended Practice, Corrosion Control of Steel Fixed Offshore Structures Associated with Petroleum Production; incorporated by reference at § 250.901.

(l) American Gas Association (AGA Reports), 400 North Capitol Street, NW., Suite 450, Washington, DC 20001, *http://www.aga.org;* phone: 202–824–7000;

(1) AGA Report No. 7—Measurement of Natural Gas by Turbine Meters; Revised February 2006; incorporated by reference at § 250.1203(b)(2);

(2) AGA Report No. 9—Measurement of Gas by Multipath Ultrasonic Meters; Second Edition, April 2007; incorporated by reference at § 250.1203(b)(2);

(3) AGA Report No. 10—Speed of Sound in Natural Gas and Other Related Hydrocarbon Gases; Copyright 2003; incorporated by reference at § 250.1203(b)(2).

[76 FR 64462, Oct. 18, 2011, as amended at 77 FR 18921, Mar. 29, 2012]

§ 250.199 Paperwork Reduction Act statements—information collection.

(a) OMB has approved the information collection requirements in part 250 under 44 U.S.C. 3501 *et seq*. The table in paragraph (e) of this section lists the subpart in the rule requiring the information and its title, provides the OMB control number, and summarizes the reasons for collecting the information and how BSEE uses the information. The associated BSEE forms required by this part are listed at the end of this table with the relevant information.

(b) Respondents are OCS oil, gas, and sulphur lessees and operators. The requirement to respond to the information collections in this part is mandated under the Act (43 U.S.C. 1331 *et seq*.) and the Act's Amendments of 1978 (43 U.S.C. 1801 *et seq*.). Some responses are also required to obtain or retain a benefit or may be voluntary. Proprietary information will be protected under § 250.197, Data and information to be made available to the public or for limited inspection; parts 30 CFR Parts 251, 252; and the Freedom of Information Act (5 U.S.C. 552) and its implementing regulations at 43 CFR part 2.

(c) The Paperwork Reduction Act of 1995 requires us to inform the public that an agency may not conduct or sponsor, and you are not required to respond to, a collection of information unless it displays a currently valid OMB control number.

(d) Send comments regarding any aspect of the collections of information under this part, including suggestions for reducing the burden, to the Information Collection Clearance Officer, Bureau of Safety and Environmental Enforcement, 381 Elden Street, Herndon, VA 20170.

(e) BSEE is collecting this information for the reasons given in the following table:

30 CFR subpart, title and/or BSEE Form (OMB Control No.)	Reasons for collecting information and how used
(1) Subpart A, General (1010–0114), including Forms BSEE–0132, Evacuation Statistics; BSEE–0143, Facility/Equipment Damage Report; BSEE–1832, Notification of Incidents of Noncompliance.	To inform BSEE of actions taken to comply with general operational requirements on the OCS. To ensure that operations on the OCS meet statutory and regulatory requirements, are safe and protect the environment, and result in diligent exploration, development, and production on OCS leases. To support the unproved and proved reserve estimation, resource assessment, and fair market value determinations. To allow BSEE to rapidly assess damage and project any disruption of oil and gas production from the OCS after a major natural occurrence.
(2) Subpart B, Exploration and Development and Production Plans (1010–0151).	To inform BSEE, States, and the public of planned exploration, development, and production operations on the OCS. To ensure that operations on the OCS are planned to comply with statutory and regulatory requirements, will be safe and protect the human, marine, and coastal environment, and will result in diligent exploration, development, and production of leases.

30 CFR subpart, title and/or BSEE Form (OMB Control No.)	Reasons for collecting information and how used
(3) Subpart C, Pollution Prevention and Control (1010–0057) ...	To inform BSEE of measures to be taken to prevent water pollution. To ensure that appropriate measures are taken to prevent water pollution.
(4) Subpart D, Oil and Gas and Drilling Operations (1010–0141), including Forms BSEE–0123, Application for Permit to Drill; BSEE–0123S, Supplemental APD Information Sheet; BSEE–0124, Application for Permit to Modify; BSEE–0125, End of Operations Report; BSEE–0133, Well Activity Report; BSEE–0133S, Open Hole Data Report; and BSEE–144, Rig Movement Notification Report.	To inform BSEE of the equipment and procedures to be used in drilling operations on the OCS. To ensure that drilling operations are safe and protect the human, marine, and coastal environment.
(5) Subpart E, Oil and Gas Well-Completion Operations (1010–0067).	To inform BSEE of the equipment and procedures to be used in well-completion operations on the OCS. To ensure that well-completion operations are safe and protect the human, marine, and coastal environment.
(6) Subpart F, Oil and Gas Well Workover Operations (1010–0043).	To inform BSEE of the equipment and procedures to be used during well-workover operations on the OCS. To ensure that well-workover operations are safe and protect the human, marine, and coastal environment.
(7) Subpart H, Oil and Gas Production Safety Systems (1010–0059).	To inform BSEE of the equipment and procedures to be used during production operations on the OCS. To ensure that production operations are safe and protect the human, marine, and coastal environment.
(8) Subpart I, Platforms and Structures (1010–0149)	To provide BSEE with information regarding the design, fabrication, and installation of platforms on the OCS. To ensure the structural integrity of platforms installed on the OCS.
(9) Subpart J, Pipelines and Pipeline Rights-of-Way (1010–0050), including Form BSEE–0149, Assignment of Federal OCS Pipeline Right-of-Way Grant.	To provide BSEE with information regarding the design, installation, and operation of pipelines on the OCS. To ensure that pipeline operations are safe and protect the human, marine, and coastal environment.
(10) Subpart K, Oil and Gas Production Rates (1010–0041), including Forms BSEE–0126, Well Potential Test Report and BSEE–0128, Semiannual Well Test Report.	To inform BSEE of production rates for hydrocarbons produced on the OCS. To ensure economic maximization of ultimate hydrocarbon recovery
(11) Subpart L, Oil and Gas Production Measurement, Surface Commingling, and Security (1010–0051).	To inform BSEE of the measurement of production, commingling of hydrocarbons, and site security plans. To ensure that produced hydrocarbons are measured and commingled to provide for accurate royalty payments and security is maintained.
(12) Subpart M, Unitization (1010–0068)	To inform BSEE of the unitization of leases. To ensure that unitization prevents waste, conserves natural resources, and protects correlative rights.
(13) Subpart N, Remedies and Penalties	The requirements in subpart N are exempt from the Paperwork Reduction Act of 1995 according to 5 CFR 1320.4.
(14) Subpart O, Well Control and Production Safety Training (1010–0128).	To inform BSEE of training program curricula, course schedules, and attendance. To ensure that training programs are technically accurate and sufficient to meet safety and environmental requirements, and that workers are properly trained to operate on the OCS.
(15) Subpart P, Sulphur Operations (1010–0086)	To inform BSEE of sulphur exploration and development operations on the OCS. To ensure that OCS sulphur operations are safe; protect the human, marine, and coastal environment; and will result in diligent exploration, development, and production of sulphur leases.
(16) Subpart Q, Decommissioning Activities (1010–0142)	To determine that decommissioning activities comply with regulatory requirements and approvals. To ensure that site clearance and platform or pipeline removal are properly performed to protect marine life and the environment and do not conflict with other users of the OCS.
(17) Subpart S, Safety and Environmental Management Systems (1010–0186), including Form BSEE–0131, Performance Measures Data.	The SEMS program will describe management commitment to safety and the environment, as well as policies and procedures to assure safety and environmental protection while conducting OCS operations (including those operations conducted by contractor and subcontractor personnel). The information collected is the form to gather the raw Performance Measures Data relating to risk and number of accidents, injuries, and oil spills during OCS activities.

Subpart B—Plans and Information

GENERAL INFORMATION

§ 250.200 Definitions.

Acronyms and terms used in this subpart have the following meanings:

(a) *Acronyms* used frequently in this subpart are listed alphabetically below:

BOEM means Bureau of Ocean Energy Management of the Department of the Interior.

BSEE means Bureau of Safety and Environmental Enforcement of the Department of the Interior.

CID means Conservation Information Document.

CZMA means Coastal Zone Management Act.

DOCD means Development Operations Coordination Document.

DPP means Development and Production Plan.

DWOP means Deepwater Operations Plan.

EIA means Environmental Impact Analysis.

EP means Exploration Plan.

NPDES means National Pollutant Discharge Elimination System.

NTL means Notice to Lessees and Operators.

OCS means Outer Continental Shelf.

(b) Terms used in this subpart are listed alphabetically below:

Amendment means a change you make to an EP, DPP, or DOCD that is pending before BOEM for a decision (see 30 CFR 550.232(d) and 550.267(d)).

Modification means a change required by the Regional Supervisor to an EP, DPP, or DOCD (see 30 CFR 550.233(b)(2) and 550.270(b)(2)) that is pending before BOEM for a decision because the OCS plan is inconsistent with applicable requirements.

New or unusual technology means equipment or procedures that:

(1) Have not been used previously or extensively in a BSEE OCS Region;

(2) Have not been used previously under the anticipated operating conditions; or

(3) Have operating characteristics that are outside the performance parameters established by this part.

Non-conventional production or completion technology includes, but is not limited to, floating production systems, tension leg platforms, spars, floating production, storage, and offloading systems, guyed towers, compliant towers, subsea manifolds, and other subsea production components that rely on a remote site or host facility for utility and well control services.

Offshore vehicle means a vehicle that is capable of being driven on ice.

Resubmitted OCS plan means an EP, DPP, or DOCD that contains changes you make to an OCS plan that BOEM has disapproved (see 30 CFR 550.234(b), 550.272(a), and 550.273(b)).

Revised OCS plan means an EP, DPP, or DOCD that proposes changes to an approved OCS plan, such as those in the location of a well or platform, type of drilling unit, or location of the onshore support base (see 30 CFR 550.283(a)).

Supplemental OCS plan means an EP, DPP, or DOCD that proposes the addition to an approved OCS plan of an activity that requires approval of an application or permit (see 30 CFR 550.283(b)).

§ 250.201 What plans and information must I submit before I conduct any activities on my lease or unit?

(a) *Plans and documents.* Before you conduct the activities on your lease or unit listed in the following table, you must submit, and BSEE must approve, the listed plans and documents. Your plans and documents may cover one or more leases or units.

You must submit a(n) . . .	Before you . . .
(1) [Reserved]	
(2) [Reserved]	
(3) [Reserved]	
(4) Deepwater Operations Plan (DWOP),	Conduct post-drilling installation activities in any water depth associated with a development project that will involve the use of a non-conventional production or completion technology.
(5) [Reserved]	
(6) [Reserved]	

(b) *Submitting additional information.* On a case-by-case basis, the Regional Supervisor may require you to submit additional information if the Regional Supervisor determines that it is necessary to evaluate your proposed plan or document.

(c) *Limiting information.* The Regional Director may limit the amount of information or analyses that you otherwise must provide in your proposed plan or document under this subpart when:

(1) Sufficient applicable information or analysis is readily available to BSEE;

(2) Other coastal or marine resources are not present or affected;

(3) Other factors such as technological advances affect information needs; or

(4) Information is not necessary or required for a State to determine consistency with their CZMA Plan.

(d) *Referencing.* In preparing your proposed plan or document, you may reference information and data discussed in other plans or documents you previously submitted or that are otherwise readily available to BSEE.

§§ 250.202–250.203 [Reserved]

§ 250.204 How must I protect the rights of the Federal government?

(a) To protect the rights of the Federal government, you must either:

(1) Drill and produce the wells that the Regional Supervisor determines are necessary to protect the Federal government from loss due to production on other leases or units or from adjacent lands under the jurisdiction of other entities (e.g., State and foreign governments); or

(2) Pay a sum that the Regional Supervisor determines as adequate to compensate the Federal government for your failure to drill and produce any well.

(b) Payment under paragraph (a)(2) of this section may constitute production in paying quantities for the purpose of extending the lease term.

(c) You must complete and produce any penetrated hydrocarbon-bearing zone that the Regional Supervisor determines is necessary to conform to sound conservation practices.

§ 250.205 Are there special requirements if my well affects an adjacent property?

For wells that could intersect or drain an adjacent property, the Regional Supervisor may require special measures to protect the rights of the Federal government and objecting lessees or operators of adjacent leases or units.

POST-APPROVAL REQUIREMENTS FOR THE EP, DPP, AND DOCD

§ 250.282 Do I have to conduct post-approval monitoring?

The Regional Supervisor may direct you to conduct monitoring programs. You must retain copies of all monitoring data obtained or derived from your monitoring programs and make them available to BSEE upon request. The Regional Supervisor may require you to:

(a) *Monitoring plans.* Submit monitoring plans for approval before you begin work; and

(b) *Monitoring reports.* Prepare and submit reports that summarize and analyze data and information obtained or derived from your monitoring programs. The Regional Supervisor will specify requirements for preparing and submitting these reports.

DEEPWATER OPERATIONS PLAN (DWOP)

§ 250.286 What is a DWOP?

(a) A DWOP is a plan that provides sufficient information for BSEE to review a deepwater development project, and any other project that uses non-conventional production or completion technology, from a total system approach. The DWOP does not replace, but supplements other submittals required by the regulations such as BOEM Exploration Plans, Development and Production Plans, and Development Operations Coordination Documents. BSEE will use the information in your DWOP to determine whether the project will be developed in an acceptable manner, particularly with respect to operational safety and environmental protection issues involved with non-conventional production or completion technology.

(b) The DWOP process consists of two parts: a Conceptual Plan and the DWOP. Section 250.289 prescribes what the Conceptual Plan must contain, and § 250.292 prescribes what the DWOP must contain.

§ 250.287 For what development projects must I submit a DWOP?

You must submit a DWOP for each development project in which you will use non-conventional production or completion technology, regardless of water depth. If you are unsure whether BSEE considers the technology of your project non-conventional, you must contact the Regional Supervisor for guidance.

§ 250.288 When and how must I submit the Conceptual Plan?

You must submit four copies, or one hard copy and one electronic version, of the Conceptual Plan to the Regional Director after you have decided on the general concept(s) for development and before you begin engineering design of the well safety control system or subsea production systems to be used after well completion.

§ 250.289 What must the Conceptual Plan contain?

In the Conceptual Plan, you must explain the general design basis and philosophy that you will use to develop the field. You must include the following information:

(a) An overview of the development concept(s);

(b) A well location plat;

(c) The system control type (*i.e.*, direct hydraulic or electro-hydraulic); and

(d) The distance from each of the wells to the host platform.

§ 250.290 What operations require approval of the Conceptual Plan?

You may not complete any production well or install the subsea wellhead and well safety control system (often called the tree) before BSEE has approved the Conceptual Plan.

§ 250.291 When and how must I submit the DWOP?

You must submit four copies, or one hard copy and one electronic version, of the DWOP to the Regional Director after you have substantially completed safety system design and before you begin to procure or fabricate the safety and operational systems (other than the tree), production platforms, pipelines, or other parts of the production system.

§ 250.292 What must the DWOP contain?

You must include the following information in your DWOP:

(a) A description and schematic of the typical wellbore, casing, and completion;

(b) Structural design, fabrication, and installation information for each surface system, including host facilities;

(c) Design, fabrication, and installation information on the mooring systems for each surface system;

(d) Information on any active stationkeeping system(s) involving thrusters or other means of propulsion used with a surface system;

(e) Information concerning the drilling and completion systems;

(f) Design and fabrication information for each riser system (e.g., drilling, workover, production, and injection);

(g) Pipeline information;

(h) Information about the design, fabrication, and operation of an offtake system for transferring produced hydrocarbons to a transport vessel;

(i) Information about subsea wells and associated systems that constitute all or part of a single project development covered by the DWOP;

(j) Flow schematics and Safety Analysis Function Evaluation (SAFE) charts (API RP 14C, subsection 4.3c, incorporated by reference in § 250.198) of the production system from the Surface Controlled Subsurface Safety Valve (SCSSV) downstream to the first item of separation equipment;

(k) A description of the surface/subsea safety system and emergency support systems to include a table that depicts what valves will close, at what times, and for what events or reasons;

(l) A general description of the operating procedures, including a table

summarizing the curtailment of production and offloading based on operational considerations;

(m) A description of the facility installation and commissioning procedure;

(n) A discussion of any new technology that affects hydrocarbon recovery systems;

(o) A list of any alternate compliance procedures or departures for which you anticipate requesting approval; and

(p) Payment of the service fee listed in § 250.125.

§ 250.293 What operations require approval of the DWOP?

You may not begin production until BSEE approves your DWOP.

§ 250.294 May I combine the Conceptual Plan and the DWOP?

If your development project meets the following criteria, you may submit a combined Conceptual Plan/DWOP on or before the deadline for submitting the Conceptual Plan.

(a) The project is located in water depths of less than 400 meters (1,312 feet); and

(b) The project is similar to projects involving non-conventional production or completion technology for which you have obtained approval previously.

§ 250.295 When must I revise my DWOP?

You must revise either the Conceptual Plan or your DWOP to reflect changes in your development project that materially alter the facilities, equipment, and systems described in your plan. You must submit the revision within 60 days after any material change to the information required for that part of your plan.

Subpart C—Pollution Prevention and Control

§ 250.300 Pollution prevention.

(a) During the exploration, development, production, and transportation of oil and gas or sulphur, the lessee shall take measures to prevent unauthorized discharge of pollutants into the offshore waters. The lessee shall not create conditions that will pose unreasonable risk to public health, life, property, aquatic life, wildlife, recreation, navigation, commercial fishing, or other uses of the ocean.

(1) When pollution occurs as a result of operations conducted by or on behalf of the lessee and the pollution damages or threatens to damage life (including fish and other aquatic life), property, any mineral deposits (in areas leased or not leased), or the marine, coastal, or human environment, the control and removal of the pollution to the satisfaction of the District Manager shall be at the expense of the lessee. Immediate corrective action shall be taken in all cases where pollution has occurred. Corrective action shall be subject to modification when directed by the District Manager.

(2) If the lessee fails to control and remove the pollution, the Director, in cooperation with other appropriate Agencies of Federal, State, and local governments, or in cooperation with the lessee, or both, shall have the right to control and remove the pollution at the lessee's expense. Such action shall not relieve the lessee of any responsibility provided for by law.

(b)(1) The District Manager may restrict the rate of drilling fluid discharges or prescribe alternative discharge methods. The District Manager may also restrict the use of components which could cause unreasonable degradation to the marine environment. No petroleum-based substances, including diesel fuel, may be added to the drilling mud system without prior approval of the District Manager.

(2) Approval of the method of disposal of drill cuttings, sand, and other well solids shall be obtained from the District Manager.

(3) All hydrocarbon-handling equipment for testing and production such as separators, tanks, and treaters shall be designed, installed, and operated to prevent pollution. Maintenance or repairs which are necessary to prevent pollution of offshore waters shall be undertaken immediately.

(4) Curbs, gutters, drip pans, and drains shall be installed in deck areas in a manner necessary to collect all contaminants not authorized for discharge. Oil drainage shall be piped to a

properly designed, operated, and maintained sump system which will automatically maintain the oil at a level sufficient to prevent discharge of oil into offshore waters. All gravity drains shall be equipped with a water trap or other means to prevent gas in the sump system from escaping through the drains. Sump piles shall not be used as processing devices to treat or skim liquids but may be used to collect treated-produced water, treated-produced sand, or liquids from drip pans and deck drains and as a final trap for hydrocarbon liquids in the event of equipment upsets. Improperly designed, operated, or maintained sump piles which do not prevent the discharge of oil into offshore waters shall be replaced or repaired.

(5) On artificial islands, all vessels containing hydrocarbons shall be placed inside an impervious berm or otherwise protected to contain spills. Drainage shall be directed away from the drilling rig to a sump. Drains and sumps shall be constructed to prevent seepage.

(6) Disposal of equipment, cables, chains, containers, or other materials into offshore waters is prohibited.

(c) Materials, equipment, tools, containers, and other items used in the Outer Continental Shelf (OCS) which are of such shape or configuration that they are likely to snag or damage fishing devices shall be handled and marked as follows:

(1) All loose material, small tools, and other small objects shall be kept in a suitable storage area or a marked container when not in use and in a marked container before transport over offshore waters;

(2) All cable, chain, or wire segments shall be recovered after use and securely stored until suitable disposal is accomplished;

(3) Skid-mounted equipment, portable containers, spools or reels, and drums shall be marked with the owner's name prior to use or transport over offshore waters; and

(4) All markings must clearly identify the owner and must be durable enough to resist the effects of the environmental conditions to which they may be exposed.

(d) Any of the items described in paragraph (c) of this section that are lost overboard shall be recorded on the facility's daily operations report, as appropriate, and reported to the District Manager.

§ 250.301 Inspection of facilities.

Drilling and production facilities shall be inspected daily or at intervals approved or prescribed by the District Manager to determine if pollution is occurring. Necessary maintenance or repairs shall be made immediately. Records of such inspections and repairs shall be maintained at the facility or at a nearby manned facility for 2 years.

Subpart D—Oil and Gas Drilling Operations

GENERAL REQUIREMENTS

§ 250.400 Who is subject to the requirements of this subpart?

The requirements of this subpart apply to lessees, operating rights owners, operators, and their contractors and subcontractors.

§ 250.401 What must I do to keep wells under control?

You must take necessary precautions to keep wells under control at all times. You must:

(a) Use the best available and safest drilling technology to monitor and evaluate well conditions and to minimize the potential for the well to flow or kick;

(b) Have a person onsite during drilling operations who represents your interests and can fulfill your responsibilities;

(c) Ensure that the toolpusher, operator's representative, or a member of the drilling crew maintains continuous surveillance on the rig floor from the beginning of drilling operations until the well is completed or abandoned, unless you have secured the well with blowout preventers (BOPs), bridge plugs, cement plugs, or packers;

(d) Use personnel trained according to the provisions of subpart O; and

(e) Use and maintain equipment and materials necessary to ensure the safety and protection of personnel, equipment, natural resources, and the environment.

§ 250.402 When and how must I secure a well?

Whenever you interrupt drilling operations, you must install a downhole safety device, such as a cement plug, bridge plug, or packer. You must install the device at an appropriate depth within a properly cemented casing string or liner.

(a) Among the events that may cause you to interrupt drilling operations are:

(1) Evacuation of the drilling crew;

(2) Inability to keep the drilling rig on location; or

(3) Repair to major drilling or well-control equipment.

(b) For floating drilling operations, the District Manager may approve the use of blind or blind-shear rams or pipe rams and an inside BOP if you don't have time to install a downhole safety device or if special circumstances occur.

§ 250.403 What drilling unit movements must I report?

(a) You must report the movement of all drilling units on and off drilling locations to the District Manager. This includes both MODU and platform rigs. You must inform the District Manager 24 hours before:

(1) The arrival of an MODU on location;

(2) The movement of a platform rig to a platform;

(3) The movement of a platform rig to another slot;

(4) The movement of an MODU to another slot; and

(5) The departure of an MODU from the location.

(b) You must provide the District Manager with the rig name, lease number, well number, and expected time of arrival or departure.

(c) In the Gulf of Mexico OCS Region, you must report drilling unit movements on form BSEE–0144, Rig Movement Notification Report.

§ 250.404 What are the requirements for the crown block?

You must have a crown block safety device that prevents the traveling block from striking the crown block. You must check the device for proper operation at least once per week and after each drill-line slipping operation and record the results of this operational check in the driller's report.

§ 250.405 What are the safety requirements for diesel engines used on a drilling rig?

You must equip each diesel engine with an air take device to shut down the diesel engine in the event of a runaway.

(a) For a diesel engine that is not continuously manned, you must equip the engine with an automatic shutdown device;

(b) For a diesel engine that is continuously manned, you may equip the engine with either an automatic or remote manual air intake shutdown device;

(c) You do not have to equip a diesel engine with an air intake device if it meets one of the following criteria:

(1) Starts a larger engine;

(2) Powers a firewater pump;

(3) Powers an emergency generator;

(4) Powers a BOP accumulator system;

(5) Provides air supply to divers or confined entry personnel;

(6) Powers temporary equipment on a nonproducing platform;

(7) Powers an escape capsule; or

(8) Powers a portable single-cylinder rig washer.

§ 250.406 What additional safety measures must I take when I conduct drilling operations on a platform that has producing wells or has other hydrocarbon flow?

You must take the following safety measures when you conduct drilling operations on a platform with producing wells or that has other hydrocarbon flow:

(a) You must install an emergency shutdown station near the driller's console;

(b) You must shut in all producible wells located in the affected wellbay

below the surface and at the wellhead when:

(1) You move a drilling rig or related equipment on and off a platform. This includes rigging up and rigging down activities within 500 feet of the affected platform;

(2) You move or skid a drilling unit between wells on a platform;

(3) A mobile offshore drilling unit (MODU) moves within 500 feet of a platform. You may resume production once the MODU is in place, secured, and ready to begin drilling operations.

§ 250.407 What tests must I conduct to determine reservoir characteristics?

You must determine the presence, quantity, quality, and reservoir characteristics of oil, gas, sulphur, and water in the formations penetrated by logging, formation sampling, or well testing.

§ 250.408 May I use alternative procedures or equipment during drilling operations?

You may use alternative procedures or equipment during drilling operations after receiving approval from the District Manager. You must identify and discuss your proposed alternative procedures or equipment in your Application for Permit to Drill (APD) (Form BSEE–0123) (see § 250.414(h)). Procedures for obtaining approval are described in § 250.141 of this part.

§ 250.409 May I obtain departures from these drilling requirements?

The District Manager may approve departures from the drilling requirements specified in this subpart. You may apply for a departure from drilling requirements by writing to the District Manager. You should identify and discuss the departure you are requesting in your APD (see § 250.414(h)).

APPLYING FOR A PERMIT TO DRILL

§ 250.410 How do I obtain approval to drill a well?

You must obtain written approval from the District Manager before you begin drilling any well or before you sidetrack, bypass, or deepen a well. To obtain approval, you must:

(a) Submit the information required by §§ 250.411 through 250.418;

(b) Include the well in your approved Exploration Plan (EP), Development and Production Plan (DPP), or Development Operations Coordination Document (DOCD);

(c) Meet the oil spill financial responsibility requirements for offshore facilities as required by 30 CFR part 553; and

(d) Submit the following to the District Manager:

(1) An original and two complete copies of Form BSEE–0123, Application for Permit to Drill (APD), and Form BSEE–0123S, Supplemental APD Information Sheet;

(2) A separate public information copy of forms BSEE–0123 and BSEE–0123S that meets the requirements of § 250.186; and

(3) Payment of the service fee listed in § 250.125.

§ 250.411 What information must I submit with my application?

In addition to forms BSEE–0123 and BSEE–0123S, you must include the information described in the following table.

Information that you must include with an APD	Where to find a description
(a) Plat that shows locations of the proposed well.	§ 250.412
(b) Design criteria used for the proposed well.	§ 250.413
(c) Drilling prognosis	§ 250.414
(d) Casing and cementing programs	§ 250.415
(e) Diverter and BOP systems descriptions.	§ 250.416
(f) Requirements for using an MODU	§ 250.417
(g) Additional information	§ 250.418

§ 250.412 What requirements must the location plat meet?

The location plat must:

(a) Have a scale of 1:24,000 (1 inch = 2,000 feet);

(b) Show the surface and subsurface locations of the proposed well and all the wells in the vicinity;

(c) Show the surface and subsurface locations of the proposed well in feet or meters from the block line;

(d) Contain the longitude and latitude coordinates, and either Universal Transverse Mercator grid-system coordinates or state plane coordinates in the Lambert or Transverse Mercator

Projection system for the surface and subsurface locations of the proposed well; and

(e) State the units and geodetic datum (including whether the datum is North American Datum 27 or 83) for these coordinates. If the datum was converted, you must state the method used for this conversion, since the various methods may produce different values.

§ 250.413 What must my description of well drilling design criteria address?

Your description of well drilling design criteria must address:

(a) Pore pressures;

(b) Formation fracture gradients, adjusted for water depth;

(c) Potential lost circulation zones;

(d) Drilling fluid weights;

(e) Casing setting depths;

(f) Maximum anticipated surface pressures. For this section, maximum anticipated surface pressures are the pressures that you reasonably expect to be exerted upon a casing string and its related wellhead equipment. In calculating maximum anticipated surface pressures, you must consider: drilling, completion, and producing conditions; drilling fluid densities to be used below various casing strings; fracture gradients of the exposed formations; casing setting depths; total well depth; formation fluid types; safety margins; and other pertinent conditions. You must include the calculations used to determine the pressures for the drilling and the completion phases, including the anticipated surface pressure used for designing the production string;

(g) A single plot containing estimated pore pressures, formation fracture gradients, proposed drilling fluid weights, and casing setting depths in true vertical measurements;

(h) A summary report of the shallow hazards site survey that describes the geological and manmade conditions if not previously submitted; and

(i) Permafrost zones, if applicable.

§ 250.414 What must my drilling prognosis include?

Your drilling prognosis must include a brief description of the procedures you will follow in drilling the well. This prognosis includes but is not limited to the following:

(a) Projected plans for coring at specified depths;

(b) Projected plans for logging;

(c) Planned safe drilling margin between proposed drilling fluid weights and estimated pore pressures. This safe drilling margin may be shown on the plot required by § 250.413(g);

(d) Estimated depths to the top of significant marker formations;

(e) Estimated depths to significant porous and permeable zones containing fresh water, oil, gas, or abnormally pressured formation fluids;

(f) Estimated depths to major faults;

(g) Estimated depths of permafrost, if applicable;

(h) A list and description of all requests for using alternative procedures or departures from the requirements of this subpart in one place in the APD. You must explain how the alternative procedures afford an equal or greater degree of protection, safety, or performance, or why you need the departures; and

(i) Projected plans for well testing (refer to § 250.460 for safety requirements).

§ 250.415 What must my casing and cementing programs include?

Your casing and cementing programs must include:

(a) Hole sizes and casing sizes, including: weights; grades; collapse, and burst values; types of connection; and setting depths (measured and true vertical depth (TVD));

(b) Casing design safety factors for tension, collapse, and burst with the assumptions made to arrive at these values;

(c) Type and amount of cement (in cubic feet) planned for each casing string;

(d) In areas containing permafrost, setting depths for conductor and surface casing based on the anticipated depth of the permafrost. Your program must provide protection from thaw subsidence and freezeback effect, proper anchorage, and well control;

(e) A statement of how you evaluated the best practices included in API RP 65, Recommended Practice for Cementing Shallow Water Flow Zones in Deep

Water Wells (as incorporated by reference in § 250.198), if you drill a well in water depths greater than 500 feet and are in either of the following two areas:

(1) An ''area with an unknown shallow water flow potential'' is a zone or geologic formation where neither the presence nor absence of potential for a shallow water flow has been confirmed.

(2) An ''area known to contain a shallow water flow hazard'' is a zone or geologic formation for which drilling has confirmed the presence of shallow water flow; and

(f) A written description of how you evaluated the best practices included in API RP 65–Part 2, Isolating Potential Flow Zones During Well Construction (as incorporated by reference in § 250.198). Your written description must identify the mechanical barriers and cementing practices you will use for each casing string (reference API RP 65–Part 2, Sections 3 and 4).

§ 250.416 What must I include in the diverter and BOP descriptions?

You must include in the diverter and BOP descriptions:

(a) A description of the diverter system and its operating procedures;

(b) A schematic drawing of the diverter system (plan and elevation views) that shows:

(1) The size of the annular BOP installed in the diverter housing;

(2) Spool outlet internal diameter(s);

(3) Diverter-line lengths and diameters; burst strengths and radius of curvature at each turn; and

(4) Valve type, size, working pressure rating, and location;

(c) A description of the BOP system and system components, including pressure ratings of BOP equipment and proposed BOP test pressures;

(d) A schematic drawing of the BOP system that shows the inside diameter of the BOP stack, number and type of preventers, all control systems and pods, location of choke and kill lines, and associated valves;

(e) Independent third party verification and supporting documentation that show the blind-shear rams installed in the BOP stack are capable of shearing any drill pipe in the hole under maximum anticipated surface pressure. The documentation must include test results and calculations of shearing capacity of all pipe to be used in the well including correction for MASP;

(f) When you use a subsea BOP stack, independent third party verification that shows:

(1) The BOP stack is designed for the specific equipment on the rig and for the specific well design;

(2) The BOP stack has not been compromised or damaged from previous service;

(3) The BOP stack will operate in the conditions in which it will be used; and

(g) The qualifications of the independent third party referenced in paragraphs (e) and (f) of this section:

(1) The independent third party in paragraph (e) in this section must be a technical classification society; an API-licensed manufacturing, inspection, or certification firm; or a licensed professional engineering firm capable of providing the verifications required under this part. The independent third party must not be the original equipment manufacturer (OEM).

(2) You must:

(i) Include evidence that the firm you are using is reputable, the firm or its employees hold appropriate licenses to perform the verification in the appropriate jurisdiction, the firm carries industry-standard levels of professional liability insurance, and the firm has no record of violations of applicable law.

(ii) Ensure that an official representative of BSEE will have access to the location to witness any testing or inspections, and verify information submitted to BSEE. Prior to any shearing ram tests or inspections, you must notify the District Manager at least 24 hours in advance.

§ 250.417 What must I provide if I plan to use a mobile offshore drilling unit (MODU)?

If you plan to use a MODU, you must provide:

(a) *Fitness requirements.* You must provide information and data to demonstrate the drilling unit's capability to perform at the proposed drilling location. This information must include

the maximum environmental and operational conditions that the unit is designed to withstand, including the minimum air gap necessary for both hurricane and non-hurricane seasons. If sufficient environmental information and data are not available at the time you submit your APD, the District Manager may approve your APD but require you to collect and report this information during operations. Under this circumstance, the District Manager has the right to revoke the approval of the APD if information collected during operations show that the drilling unit is not capable of performing at the proposed location.

(b) *Foundation requirements.* You must provide information to show that site-specific soil and oceanographic conditions are capable of supporting the proposed drilling unit. If you provided sufficient site-specific information in your EP, DPP, or DOCD submitted to BOEM, you may reference that information. The District Manager may require you to conduct additional surveys and soil borings before approving the APD if additional information is needed to make a determination that the conditions are capable of supporting the drilling unit.

(c) *Frontier areas.* (1) If the design of the drilling unit you plan to use in a frontier area is unique or has not been proven for use in the proposed environment, the District Manager may require you to submit a third-party review of the unit's design. If required, you must obtain the third-party review according to §§ 250.915 through 250.918. You may submit this information before submitting an APD.

(2) If you plan to drill in a frontier area, you must have a contingency plan that addresses design and operating limitations of the drilling unit. Your plan must identify the actions necessary to maintain safety and prevent damage to the environment. Actions must include the suspension, curtailment, or modification of drilling or rig operations to remedy various operational or environmental situations (e.g., vessel motion, riser offset, anchor tensions, wind speed, wave height, currents, icing or ice-loading, settling, tilt or lateral movement, resupply capability).

(d) *U.S. Coast Guard (USCG) documentation.* You must provide the current Certificate of Inspection or Letter of Compliance from the USCG. You must also provide current documentation of any operational limitations imposed by an appropriate classification society.

(e) *Floating drilling unit.* If you use a floating drilling unit, you must indicate that you have a contingency plan for moving off location in an emergency situation.

(f) *Inspection of unit.* The drilling unit must be available for inspection by the District Manager before commencing operations.

(g) Once the District Manager has approved a MODU for use, you do not need to re-submit the information required by this section for another APD to use the same MODU unless changes in equipment affect its rated capacity to operate in the District.

§ 250.418 What additional information must I submit with my APD?

You must include the following with the APD:

(a) Rated capacities of the drilling rig and major drilling equipment, if not already on file with the appropriate District office;

(b) A drilling fluids program that includes the minimum quantities of drilling fluids and drilling fluid materials, including weight materials, to be kept at the site;

(c) A proposed directional plot if the well is to be directionally drilled;

(d) A Hydrogen Sulfide Contingency Plan (see § 250.490), if applicable, and not previously submitted;

(e) A welding plan (see §§ 250.109 to 250.113) if not previously submitted;

(f) In areas subject to subfreezing conditions, evidence that the drilling equipment, BOP systems and components, diverter systems, and other associated equipment and materials are suitable for operating under such conditions;

(g) A request for approval if you plan to wash out or displace some cement to facilitate casing removal upon well abandonment;

(h) Certification of your casing and cementing program as required in § 250.420(a)(6);

(i) Description of qualifications required by § 250.416(f) of any independent third party; and

(j) Such other information as the District Manager may require.

CASING AND CEMENTING REQUIREMENTS

§ 250.420 What well casing and cementing requirements must I meet?

You must case and cement all wells. Your casing and cementing programs must meet the requirements of this section and of §§ 250.421 through 250.428.

(a) *Casing and cementing program requirements.* Your casing and cementing programs must:

(1) Properly control formation pressures and fluids;

(2) Prevent the direct or indirect release of fluids from any stratum through the wellbore into offshore waters;

(3) Prevent communication between separate hydrocarbon-bearing strata;

(4) Protect freshwater aquifers from contamination;

(5) Support unconsolidated sediments; and

(6) Include certification signed by a Registered Professional Engineer that there will be at least two independent tested barriers, including one mechanical barrier, across each flow path during well completion activities and that the casing and cementing design is appropriate for the purpose for which it is intended under expected wellbore conditions. The Registered Professional Engineer must be registered in a State in the United States. Submit this certification with your APD (Form BSEE–0123).

(b) *Casing requirements.* (1) You must design casing (including liners) to withstand the anticipated stresses imposed by tensile, compressive, and buckling loads; burst and collapse pressures; thermal effects; and combinations thereof.

(2) The casing design must include safety measures that ensure well control during drilling and safe operations during the life of the well.

(3) For the final casing string (or liner if it is your final string), you must install dual mechanical barriers in addition to cement, to prevent flow in the event of a failure in the cement. These may include dual float valves, or one float valve and a mechanical barrier. You must submit documentation to BSEE 30 days after installation of the dual mechanical barriers.

(c) *Cementing requirements.* You must design and conduct your cementing jobs so that cement composition, placement techniques, and waiting times ensure that the cement placed behind the bottom 500 feet of casing attains a minimum compressive strength of 500 psi before drilling out of the casing or before commencing completion operations.

§ 250.421 What are the casing and cementing requirements by type of casing string?

The table in this section identifies specific design, setting, and cementing requirements for casing strings and liners. For the purposes of subpart D, the casing strings in order of normal installation are as follows: drive or structural, conductor, surface, intermediate, and production casings (including liners). The District Manager may approve or prescribe other casing and cementing requirements where appropriate.

Casing type	Casing requirements	Cementing requirements
(a) Drive or Structural	Set by driving, jetting, or drilling to the minimum depth as approved or prescribed by the District Manager.	If you drilled a portion of this hole, you must use enough cement to fill the annular space back to the mudline.
(b) Conductor	Design casing and select setting depths based on relevant engineering and geologic factors. These factors include the presence or absence of hydrocarbons, potential hazards, and water depths; Set casing immediately before drilling into formations known to contain oil or gas. If you encounter oil or gas or unexpected formation pressure before the planned casing point, you must set casing immediately.	Use enough cement to fill the calculated annular space back to the mudline. Verify annular fill by observing cement returns. If you cannot observe cement returns, use additional cement to ensure fill-back to the mudline. For drilling on an artificial island or when using a glory hole, you must discuss the cement fill level with the District Manager.

Casing type	Casing requirements	Cementing requirements
(c) Surface	Design casing and select setting depths based on relevant engineering and geologic factors. These factors include the presence or absence of hydrocarbons, potential hazards, and water depths.	Use enough cement to fill the calculated annular space to at least 200 feet inside the conductor casing. When geologic conditions such as near-surface fractures and faulting exist, you must use enough cement to fill the calculated annular space to the mudline.
(d) Intermediate	Design casing and select setting depth based on anticipated or encountered geologic characteristics or wellbore conditions.	Use enough cement to cover and isolate all hydrocarbon-bearing zones and isolate abnormal pressure intervals from normal pressure intervals in the well. As a minimum, you must cement the annular space 500 feet above the casing shoe and 500 feet above each zone to be isolated.
(e) Production	Design casing and select setting depth based on anticipated or encountered geologic characteristics or wellbore conditions.	Use enough cement to cover or isolate all hydrocarbon-bearing zones above the shoe. As a minimum, you must cement the annular space at least 500 feet above the casing shoe and 500 feet above the uppermost hydrocarbon-bearing zone.
(f) Liners	If you use a liner as conductor or surface casing, you must set the top of the liner at least 200 feet above the previous casing/liner shoe. If you use a liner as an intermediate string below a surface string or production casing below an intermediate string, you must set the top of the liner at least 100 feet above the previous casing shoe.	Same as cementing requirements for specific casing types. For example, a liner used as intermediate casing must be cemented according to the cementing requirements for intermediate casing.

§ 250.422 When may I resume drilling after cementing?

(a) After cementing surface, intermediate, or production casing (or liners), you may resume drilling after the cement has been held under pressure for 12 hours. For conductor casing, you may resume drilling after the cement has been held under pressure for 8 hours. One acceptable method of holding cement under pressure is to use float valves to hold the cement in place.

(b) If you plan to nipple down your diverter or BOP stack during the 8- or 12-hour waiting time, you must determine, before nippling down, when it will be safe to do so. You must base your determination on a knowledge of formation conditions, cement composition, effects of nippling down, presence of potential drilling hazards, well conditions during drilling, cementing, and post cementing, as well as past experience.

§ 250.423 What are the requirements for pressure testing casing?

(a) The table in this section describes the minimum test pressures for each string of casing. You may not resume drilling or other down-hole operations until you obtain a satisfactory pressure test. If the pressure declines more than 10 percent in a 30-minute test, or if there is another indication of a leak, you must re-cement, repair the casing, or run additional casing to provide a proper seal. The District Manager may approve or require other casing test pressures.

Casing type	Minimum test pressure
(1) Drive or Structural	Not required.
(2) Conductor	200 psi.
(3) Surface, Intermediate, and Production	70 percent of its minimum internal yield.

(b) You must ensure proper installation of casing or liner in the subsea wellhead or liner hanger.

(1) You must ensure that the latching mechanisms or lock down mechanisms are engaged upon installation of each casing string or liner.

(2) You must perform a pressure test on the casing seal assembly to ensure proper installation of casing or liner.

You must perform this test for the intermediate and production casing strings or liner.

(3) You must submit for approval with your APD, test procedures and criteria for a successful test.

(4) You must document all your test results and make them available to BSEE upon request.

(c) You must perform a negative pressure test on all wells to ensure proper casing installation. You must perform this test for the intermediate and production casing strings.

(1) You must submit for approval with your APD, test procedures and criteria for a successful test.

(2) You must document all your test results and make them available to BSEE upon request.

§ 250.424 What are the requirements for prolonged drilling operations?

If wellbore operations continue for more than 30 days within a casing string run to the surface:

(a) You must stop drilling operations as soon as practicable, and evaluate the effects of the prolonged operations on continued drilling operations and the life of the well. At a minimum, you must:

(1) Caliper or pressure test the casing; and

(2) Report the results of your evaluation to the District Manager and obtain approval of those results before resuming operations.

(b) If casing integrity has deteriorated to a level below minimum safety factors, you must:

(1) Repair the casing or run another casing string; and

(2) Obtain approval from the District Manager before you begin repairs.

§ 250.425 What are the requirements for pressure testing liners?

(a) You must test each drilling liner (and liner-lap) to a pressure at least equal to the anticipated pressure to which the liner will be subjected during the formation pressure-integrity test below that liner shoe, or subsequent liner shoes if set. The District Manager may approve or require other liner test pressures.

(b) You must test each production liner (and liner-lap) to a minimum of 500 psi above the formation fracture pressure at the casing shoe into which the liner is lapped.

(c) You may not resume drilling or other down-hole operations until you obtain a satisfactory pressure test. If the pressure declines more than 10 percent in a 30-minute test or if there is another indication of a leak, you must re-cement, repair the liner, or run additional casing/liner to provide a proper seal.

§ 250.426 What are the recordkeeping requirements for casing and liner pressure tests?

You must record the time, date, and results of each pressure test in the driller's report maintained under standard industry practice. In addition, you must record each test on a pressure chart and have your onsite representative sign and date the test as being correct.

§ 250.427 What are the requirements for pressure integrity tests?

You must conduct a pressure integrity test below the surface casing or liner and all intermediate casings or liners. The District Manager may require you to run a pressure-integrity test at the conductor casing shoe if warranted by local geologic conditions or the planned casing setting depth. You must conduct each pressure integrity test after drilling at least 10 feet but no more than 50 feet of new hole below the casing shoe. You must test to either the formation leak-off pressure or to an equivalent drilling fluid weight if identified in an approved APD.

(a) You must use the pressure integrity test and related hole-behavior observations, such as pore-pressure test results, gas-cut drilling fluid, and well kicks to adjust the drilling fluid program and the setting depth of the next casing string. You must record all test results and hole-behavior observations made during the course of drilling related to formation integrity and pore pressure in the driller's report.

(b) While drilling, you must maintain the safe drilling margin identified in the approved APD. When you cannot maintain this safe margin, you must

suspend drilling operations and remedy the situation.

§ 250.428 What must I do in certain cementing and casing situations?

The table in this section describes actions that lessees must take when certain situations occur during casing and cementing activities.

If you encounter the following situation:	Then you must . . .
(a) Have unexpected formation pressures or conditions that warrant revising your casing design,	Submit a revised casing program to the District Manager for approval.
(b) Need to increase casing setting depths more than 100 feet true vertical depth (TVD) from the approved APD due to conditions encountered during drilling operations,	Submit those changes to the District Manager for approval.
(c) Have indication of inadequate cement job (such as lost returns, cement channeling, or failure of equipment),	(1) Pressure test the casing shoe; (2) Run a temperature survey; (3) Run a cement bond log; or (4) Use a combination of these techniques.
(d) Inadequate cement job,	Re-cement or take other remedial actions as approved by the District Manager.
(e) Primary cement job that did not isolate abnormal pressure intervals,	Isolate those intervals from normal pressures by squeeze cementing before you complete; suspend operations; or abandon the well, whichever occurs first.
(f) Decide to produce a well that was not originally contemplated for production,	Have at least two cemented casing strings (does not include liners) in the well. Note: All producing wells must have at least two cemented casing strings.
(g) Want to drill a well without setting conductor casing,	Submit geologic data and information to the District Manager that demonstrates the absence of shallow hydrocarbons or hazards. This information must include logging and drilling fluid-monitoring from wells previously drilled within 500 feet of the proposed well path down to the next casing point.
(h) Need to use less than required cement for the surface casing during floating drilling operations to provide protection from burst and collapse pressures,	Submit information to the District Manager that demonstrates the use of less cement is necessary.
(i) Cement across a permafrost zone,	Use cement that sets before it freezes and has a low heat of hydration.
(j) Leave the annulus opposite a permafrost zone uncemented,	Fill the annulus with a liquid that has a freezing point below the minimum permafrost temperature and minimizes opposite a corrosion.

DIVERTER SYSTEM REQUIREMENTS

§ 250.430 When must I install a diverter system?

You must install a diverter system before you drill a conductor or surface hole. The diverter system consists of a diverter sealing element, diverter lines, and control systems. You must design, install, use, maintain, and test the diverter system to ensure proper diversion of gases, water, drilling fluid, and other materials away from facilities and personnel.

§ 250.431 What are the diverter design and installation requirements?

You must design and install your diverter system to:

(a) Use diverter spool outlets and diverter lines that have a nominal diameter of at least 10 inches for surface wellhead configurations and at least 12 inches for floating drilling operations;

(b) Use dual diverter lines arranged to provide for downwind diversion capability;

(c) Use at least two diverter control stations. One station must be on the drilling floor. The other station must be in a readily accessible location away from the drilling floor;

(d) Use only remote-controlled valves in the diverter lines. All valves in the diverter system must be full-opening. You may not install manual or butterfly valves in any part of the diverter system;

(e) Minimize the number of turns (only one 90-degree turn allowed for each line for bottom-founded drilling units) in the diverter lines, maximize the radius of curvature of turns, and target all right angles and sharp turns;

(f) Anchor and support the entire diverter system to prevent whipping and vibration; and

(g) Protect all diverter-control instruments and lines from possible damage by thrown or falling objects.

§ 250.432 How do I obtain a departure to diverter design and installation requirements?

The table below describes possible departures from the diverter requirements and the conditions required for each departure. To obtain one of these departures, you must have discussed the departure in your APD and received approval from the District Manager.

If you want a departure to:	Then you must . . .
(a) Use flexible hose for diverter lines instead of rigid pipe,	Use flexible hose that has integral end couplings.
(b) Use only one spool outlet for your diverter system,	(1) Have branch lines that meet the minimum internal diameter requirements; and (2) Provide downwind diversion capability.
(c) Use a spool with an outlet with an internal diameter of less than 10 inches on a surface wellhead,	Use a spool that has dual outlets with an internal diameter of at least 8 inches.
(d) Use a single diverter line for floating drilling operations on a dynamically positioned drillship,	Maintain an appropriate vessel heading to provide for downwind diversion.

§ 250.433 What are the diverter actuation and testing requirements?

When you install the diverter system, you must actuate the diverter sealing element, diverter valves, and diverter-control systems and control stations. You must also flow-test the vent lines.

(a) For drilling operations with a surface wellhead configuration, you must actuate the diverter system at least once every 24-hour period after the initial test. After you have nippled up on conductor casing, you must pressure-test the diverter-sealing element and diverter valves to a minimum of 200 psi. While the diverter is installed, you must conduct subsequent pressure tests within 7 days after the previous test.

(b) For floating drilling operations with a subsea BOP stack, you must actuate the diverter system within 7 days after the previous actuation.

(c) You must alternate actuations and tests between control stations.

§ 250.434 What are the recordkeeping requirements for diverter actuations and tests?

You must record the time, date, and results of all diverter actuations and tests in the driller's report. In addition, you must:

(a) Record the diverter pressure test on a pressure chart;

(b) Require your onsite representative to sign and date the pressure test chart;

(c) Identify the control station used during the test or actuation;

(d) Identify problems or irregularities observed during the testing or actuations and record actions taken to remedy the problems or irregularities; and

(e) Retain all pressure charts and reports pertaining to the diverter tests and actuations at the facility for the duration of drilling the well.

BLOWOUT PREVENTER (BOP) SYSTEM REQUIREMENTS

§ 250.440 What are the general requirements for BOP systems and system components?

You must design, install, maintain, test, and use the BOP system and system components to ensure well control. The working-pressure rating of each BOP component must exceed maximum anticipated surface pressures. The BOP system includes the BOP stack and associated BOP systems and equipment.

§ 250.441 What are the requirements for a surface BOP stack?

(a) When you drill with a surface BOP stack, you must install the BOP system before drilling below surface casing. The surface BOP stack must include at least four remote-controlled, hydraulically operated BOPs, consisting of an annular BOP, two BOPs equipped with pipe rams, and one BOP equipped with blind or blind-shear rams.

(b) Your surface BOP stack must include at least four remote-controlled, hydraulically operated BOPs consisting of an annular BOP, two BOPs equipped with pipe rams, and one BOP equipped with blind-shear rams. The blind-shear rams must be capable of shearing the drill pipe that is in the hole.

(c) You must install an accumulator system that provides 1.5 times the volume of fluid capacity necessary to close and hold closed all BOP components. The system must perform with a minimum pressure of 200 psi above the precharge pressure without assistance from a charging system. If you supply the accumulator regulators by rig air and do not have a secondary source of pneumatic supply, you must equip the regulators with manual overrides or other devices to ensure capability of hydraulic operations if rig air is lost.

(d) In addition to the stack and accumulator system, you must install the associated BOP systems and equipment required by the regulations in this subpart.

§ 250.442 What are the requirements for a subsea BOP system?

When you drill with a subsea BOP system, you must install the BOP system before drilling below the surface casing. The District Manager may require you to install a subsea BOP system before drilling below the conductor casing if proposed casing setting depths or local geology indicate the need. The table in this paragraph outlines your requirements.

When drilling with a subsea BOP system, you must:	Additional requirements
(a) Have at least four remote-controlled, hydraulically operated BOPs.	You must have at least one annular BOP, two BOPs equipped with pipe rams, and one BOP equipped with blind-shear rams. The blind-shear rams must be capable of shearing any drill pipe in the hole under maximum anticipated surface pressures.
(b) Have an operable dual-pod control system to ensure proper and independent operation of the BOP system.	
(c) Have an accumulator system to provide fast closure of the BOP components and to operate all critical functions in case of a loss of the power fluid connection to the surface.	The accumulator system must meet or exceed the provisions of Section 13.3, Accumulator Volumetric Capacity, in API RP 53, Recommended Practices for Blowout Prevention Equipment Systems for Drilling Wells (as incorporated by reference in § 250.198). The District Manager may approve a suitable alternate method.
(d) Have a subsea BOP stack equipped with remotely operated vehicle (ROV) intervention capability.	At a minimum, the ROV must be capable of closing one set of pipe rams, closing one set of blind-shear rams and unlatching the LMRP.
(e) Maintain an ROV and have a trained ROV crew on each floating drilling rig on a continuous basis. The crew must examine all ROV related well control equipment (both surface and subsea) to ensure that it is properly maintained and capable of shutting in the well during emergency operations.	The crew must be trained in the operation of the ROV. The training must include simulator training on stabbing into an ROV intervention panel on a subsea BOP stack.
(f) Provide autoshear and deadman systems for dynamically positioned rigs.	(1) *Autoshear system* means a safety system that is designed to automatically shut in the wellbore in the event of a disconnect of the LMRP. When the autoshear is armed, a disconnect of the LMRP closes the shear rams. This is considered a ''rapid discharge'' system. (2) *Deadman System* means a safety system that is designed to automatically close the wellbore in the event of a simultaneous absence of hydraulic supply and signal transmission capacity in both subsea control pods. This is considered a ''rapid discharge'' system. (3) You may also have an acoustic system.
(g) Have operational or physical barrier(s) on BOP control panels to prevent accidental disconnect functions.	Incorporate enable buttons on control panels to ensure two-handed operation for all critical functions.
(h) Clearly label all control panels for the subsea BOP system	Label other BOP control panels such as hydraulic control panel.
(i) Develop and use a management system for operating the BOP system, including the prevention of accidental or unplanned disconnects of the system.	The management system must include written procedures for operating the BOP stack and LMRP (including proper techniques to prevent accidental disconnection of these components) and minimum knowledge requirements for personnel authorized to operate and maintain BOP components.
(j) Establish minimum requirements for personnel authorized to operate critical BOP equipment.	Personnel must have: (1) Training in deepwater well control theory and practice according to the requirements of 30 CFR 250, subpart O; and (2) A comprehensive knowledge of BOP hardware and control systems.

When drilling with a subsea BOP system, you must:	Additional requirements
(k) Before removing the marine riser, displace the fluid in the riser with seawater.	You must maintain sufficient hydrostatic pressure or take other suitable precautions to compensate for the reduction in pressure and to maintain a safe and controlled well condition.
(l) Install the BOP stack in a glory hole when in ice-scour area	Your glory hole must be deep enough to ensure that the top of the stack is below the deepest probable ice-scour depth.

§ 250.443 What associated systems and related equipment must all BOP systems include?

All BOP systems must include the following associated systems and related equipment:

(a) An automatic backup to the primary accumulator-charging system. The power source must be independent from the power source for the primary accumulator-charging system. The independent power source must possess sufficient capability to close and hold closed all BOP components.

(b) At least two BOP control stations. One station must be on the drilling floor. You must locate the other station in a readily accessible location away from the drilling floor.

(c) Side outlets on the BOP stack for separate kill and choke lines. If your stack does not have side outlets, you must install a drilling spool with side outlets.

(d) A choke and a kill line on the BOP stack. You must equip each line with two full-opening valves, one of which must be remote-controlled. For a subsea BOP system, both valves in each line must be remote-controlled. In addition:

(1) You must install the choke line above the bottom ram;

(2) You may install the kill line below the bottom ram; and

(3) For a surface BOP system, on the kill line you may install a check valve and a manual valve instead of the remote-controlled valve. To use this configuration, both manual valves must be readily accessible and you must install the check valve between the manual valves and the pump.

(e) A fill-up line above the uppermost BOP.

(f) Locking devices installed on the ram-type BOPs.

(g) A wellhead assembly with a rated working pressure that exceeds the maximum anticipated surface pressure.

§ 250.444 What are the choke manifold requirements?

(a) Your BOP system must include a choke manifold that is suitable for the anticipated surface pressures, anticipated methods of well control, the surrounding environment, and the corrosiveness, volume, and abrasiveness of drilling fluids and well fluids that you may encounter.

(b) Choke manifold components must have a rated working pressure at least as great as the rated working pressure of the ram BOPs. If your choke manifold has buffer tanks downstream of choke assemblies, you must install isolation valves on any bleed lines.

(c) Valves, pipes, flexible steel hoses, and other fittings upstream of the choke manifold must have a rated working pressure at least as great as the rated working pressure of the ram BOPs.

§ 250.445 What are the requirements for kelly valves, inside BOPs, and drill-string safety valves?

You must use or provide the following BOP equipment during drilling operations:

(a) A kelly valve installed below the swivel (upper kelly valve);

(b) A kelly valve installed at the bottom of the kelly (lower kelly valve). You must be able to strip the lower kelly valve through the BOP stack;

(c) If you drill with a mud motor and use drill pipe instead of a kelly, you must install one kelly valve above, and one strippable kelly valve below, the joint of drill pipe used in place of a kelly;

(d) On a top-drive system equipped with a remote-controlled valve, you must install a strippable kelly-type valve below the remote-controlled valve;

(e) An inside BOP in the open position located on the rig floor. You must be able to install an inside BOP for each size connection in the drill string;

(f) A drill-string safety valve in the open position located on the rig floor. You must have a drill-string safety valve available for each size connection in the drill string;

(g) When running casing, you must have a safety valve in the open position available on the rig floor to fit the casing string being run in the hole;

(h) All required manual and remote-controlled kelly valves, drill-string safety valves, and comparable-type valves (*i.e.*, kelly-type valve in a top-drive system) must be essentially full-opening; and

(i) The drilling crew must have ready access to a wrench to fit each manual valve.

§ 250.446 What are the BOP maintenance and inspection requirements?

(a) You must maintain and inspect your BOP system to ensure that the equipment functions properly. The BOP maintenance and inspections must meet or exceed the provisions of Sections 17.10 and 18.10, Inspections; Sections 17.11 and 18.11, Maintenance; and Sections 17.12 and 18.12, Quality Management, described in API RP 53, Recommended Practices for Blowout Prevention Equipment Systems for Drilling Wells (as incorporated by reference in § 250.198). You must document the procedures used, record the results of your BOP inspections and maintenance actions, and make available to BSEE upon request. You must maintain your records on the rig for 2 years or from the date of your last major inspection, whichever is longer;

(b) You must visually inspect your surface BOP system on a daily basis. You must visually inspect your subsea BOP system and marine riser at least once every 3 days if weather and sea conditions permit. You may use television cameras to inspect subsea equipment.

§ 250.447 When must I pressure test the BOP system?

You must pressure test your BOP system (this includes the choke manifold, kelly valves, inside BOP, and drill-string safety valve):

(a) When installed;

(b) Before 14 days have elapsed since your last BOP pressure test. You must begin to test your BOP system before midnight on the 14th day following the conclusion of the previous test. However, the District Manager may require more frequent testing if conditions or BOP performance warrant; and

(c) Before drilling out each string of casing or a liner. The District Manager may allow you to omit this test if you didn't remove the BOP stack to run the casing string or liner and the required BOP test pressures for the next section of the hole are not greater than the test pressures for the previous BOP test. You must indicate in your APD which casing strings and liners meet these criteria.

§ 250.448 What are the BOP pressure tests requirements?

When you pressure test the BOP system, you must conduct a low-pressure and a high-pressure test for each BOP component. You must conduct the low-pressure test before the high-pressure test. Each individual pressure test must hold pressure long enough to demonstrate that the tested component(s) holds the required pressure. Required test pressures are as follows:

(a) *Low-pressure test*. All low-pressure tests must be between 200 and 300 psi. Any initial pressure above 300 psi must be bled back to a pressure between 200 and 300 psi before starting the test. If the initial pressure exceeds 500 psi, you must bleed back to zero and reinitiate the test.

(b) *High-pressure test for ram-type BOPs, the choke manifold, and other BOP components*. The high-pressure test must equal the rated working pressure of the equipment or be 500 psi greater than your calculated maximum anticipated surface pressure (MASP) for the applicable section of hole. Before you may test BOP equipment to the MASP plus 500 psi, the District Manager must have approved those test pressures in your APD.

(c) *High pressure test for annular-type BOPs*. The high pressure test must equal 70 percent of the rated working pressure of the equipment or to a pressure approved in your APD.

(d) *Duration of pressure test*. Each test must hold the required pressure for 5

minutes. However, for surface BOP systems and surface equipment of a subsea BOP system, a 3-minute test duration is acceptable if you record your test pressures on the outermost half of a 4-hour chart, on a 1-hour chart, or on a digital recorder. If the equipment does not hold the required pressure during a test, you must correct the problem and retest the affected component(s).

§ 250.449 What additional BOP testing requirements must I meet?

You must meet the following additional BOP testing requirements:

(a) Use water to test a surface BOP system;

(b) Stump test a subsea BOP system before installation. You must use water to conduct this test. You may use drilling fluids to conduct subsequent tests of a subsea BOP system;

(c) Alternate tests between control stations and pods;

(d) Pressure test the blind or blind-shear ram BOP during stump tests and at all casing points;

(e) The interval between any blind or blind-shear ram BOP pressure tests may not exceed 30 days;

(f) Pressure test variable bore-pipe ram BOPs against the largest and smallest sizes of pipe in use, excluding drill collars and bottom-hole tools;

(g) Pressure test affected BOP components following the disconnection or repair of any well-pressure containment seal in the wellhead or BOP stack assembly;

(h) Function test annular and ram BOPs every 7 days between pressure tests;

(i) Actuate safety valves assembled with proper casing connections before running casing;

(j) Test all ROV intervention functions on your subsea BOP stack during the stump test. You must also test at least one set of rams during the initial test on the seafloor. You must submit test procedures with your APD or APM for District Manager approval. You must:

(1) ensure that the ROV hot stabs are function tested and are capable of actuating, at a minimum, one set of pipe rams and one set of blind-shear rams and unlatching the LMRP; and

(2) document all your test results and make them available to BSEE upon request;

(k) Function test autoshear and deadman systems on your subsea BOP stack during the stump test. You must also test the deadman system during the initial test on the seafloor.

(1) You must submit test procedures with your APD or APM for District Manager approval.

(2) You must document all your test results and make them available to BSEE upon request.

§ 250.450 What are the recordkeeping requirements for BOP tests?

You must record the time, date, and results of all pressure tests, actuations, and inspections of the BOP system, system components, and marine riser in the driller's report. In addition, you must:

(a) Record BOP test pressures on pressure charts;

(b) Require your onsite representative to sign and date BOP test charts and reports as correct;

(c) Document the sequential order of BOP and auxiliary equipment testing and the pressure and duration of each test. For subsea BOP systems, you must also record the closing times for annular and ram BOPs. You may reference a BOP test plan if it is available at the facility;

(d) Identify the control station and pod used during the test;

(e) Identify any problems or irregularities observed during BOP system testing and record actions taken to remedy the problems or irregularities; and

(f) Retain all records, including pressure charts, driller's report, and referenced documents pertaining to BOP tests, actuations, and inspections at the facility for the duration of drilling.

§ 250.451 What must I do in certain situations involving BOP equipment or systems?

The table in this section describes actions that lessees must take when certain situations occur with BOP systems during drilling activities.

If you encounter the following situation:	Then you must . . .
(a) BOP equipment does not hold the required pressure during a test,	Correct the problem and retest the affected equipment.
(b) Need to repair or replace a surface or subsea BOP system,	First place the well in a safe, controlled condition (e.g., before drilling out a casing shoe or after setting a cement plug, bridge plug, or a packer).
(c) Need to postpone a BOP test due to well-control problems such as lost circulation, formation fluid influx, or stuck drill pipe,	Record the reason for postponing the test in the driller's report and conduct the required BOP test on the first trip out of the hole.
(d) BOP control station or pod that does not function properly,	Suspend further drilling operations until that station or pod is operable.
(e) Want to drill with a tapered drill-string,	Install two or more sets of conventional or variable-bore pipe rams in the BOP stack to provide for the following: two sets of rams must be capable of sealing around the larger-size drill string and one set of pipe rams must be capable of sealing around the smaller-size drill string.
(f) Install casing rams in a BOP stack,	Test the ram bonnets before running casing.
(g) Want to use an annular BOP with a rated working pressure less than the anticipated surface pressure,	Demonstrate that your well control procedures or the anticipated well conditions will not place demands above its rated working pressure and obtain approval from the District Manager.
(h) Use a subsea BOP system in an ice-scour area,	Install the BOP stack in a glory hole. The glory hole must be deep enough to ensure that the top of the stack is below the deepest probable ice-scour depth.
(i) You activate blind-shear rams or casing shear rams during a well control situation, in which pipe or casing is sheared,	Retrieve, physically inspect, and conduct a full pressure test of the BOP stack after the situation is fully controlled.

DRILLING FLUID REQUIREMENTS

§ 250.455 What are the general requirements for a drilling fluid program?

You must design and implement your drilling fluid program to prevent the loss of well control. This program must address drilling fluid safe practices, testing and monitoring equipment, drilling fluid quantities, and drilling fluid-handling areas.

§ 250.456 What safe practices must the drilling fluid program follow?

Your drilling fluid program must include the following safe practices:

(a) Before starting out of the hole with drill pipe, you must properly condition the drilling fluid. You must circulate a volume of drilling fluid equal to the annular volume with the drill pipe just off-bottom. You may omit this practice if documentation in the driller's report shows:

(1) No indication of formation fluid influx before starting to pull the drill pipe from the hole;

(2) The weight of returning drilling fluid is within 0.2 pounds per gallon (1.5 pounds per cubic foot) of the drilling fluid entering the hole; and

(3) Other drilling fluid properties are within the limits established by the program approved in the APD.

(b) Record each time you circulate drilling fluid in the hole in the driller's report;

(c) When coming out of the hole with drill pipe, you must fill the annulus with drilling fluid before the hydrostatic pressure decreases by 75 psi, or every five stands of drill pipe, whichever gives a lower decrease in hydrostatic pressure. You must calculate the number of stands of drill pipe and drill collars that you may pull before you must fill the hole. You must also calculate the equivalent drilling fluid volume needed to fill the hole. Both sets of numbers must be posted near the driller's station. You must use a mechanical, volumetric, or electronic device to measure the drilling fluid required to fill the hole;

(d) You must run and pull drill pipe and downhole tools at controlled rates so you do not swab or surge the well;

(e) When there is an indication of swabbing or influx of formation fluids, you must take appropriate measures to control the well. You must circulate and condition the well, on or near-bottom, unless well or drilling-fluid conditions prevent running the drill pipe back to the bottom;

(f) You must calculate and post near the driller's console the maximum pressures that you may safely contain under a shut-in BOP for each casing

string. The pressures posted must consider the surface pressure at which the formation at the shoe would break down, the rated working pressure of the BOP stack, and 70 percent of casing burst (or casing test as approved by the District Manager). As a minimum, you must post the following two pressures:

(1) The surface pressure at which the shoe would break down. This calculation must consider the current drilling fluid weight in the hole; and

(2) The lesser of the BOP's rated working pressure or 70 percent of casing-burst pressure (or casing test otherwise approved by the District Manager);

(g) You must install an operable drilling fluid-gas separator and degasser before you begin drilling operations. You must maintain this equipment throughout the drilling of the well;

(h) Before pulling drill-stem test tools from the hole, you must circulate or reverse-circulate the test fluids in the hole. If circulating out test fluids is not feasible, you may bullhead test fluids out of the drill-stem test string and tools with an appropriate kill weight fluid;

(i) When circulating, you must test the drilling fluid at least once each tour, or more frequently if conditions warrant. Your tests must conform to industry-accepted practices and include density, viscosity, and gel strength; hydrogenion concentration; filtration; and any other tests the District Manager requires for monitoring and maintaining drilling fluid quality, prevention of downhole equipment problems and for kick detection. You must record the results of these tests in the drilling fluid report;

(j) Before displacing kill-weight drilling fluid from the wellbore, you must obtain prior approval from the District Manager. To obtain approval, you must submit with your APD or APM your reasons for displacing the kill-weight drilling fluid and provide detailed step-by-step written procedures describing how you will safely displace these fluids. The step-by-step displacement procedures must address the following:

(1) number and type of independent barriers that are in place for each flow path,

(2) tests you will conduct to ensure integrity of independent barriers,

(3) BOP procedures you will use while displacing kill weight fluids, and

(4) procedures you will use to monitor fluids entering and leaving the wellbore; and

(k) In areas where permafrost and/or hydrate zones are present or may be present, you must control drilling fluid temperatures to drill safely through those zones.

§ 250.457 What equipment is required to monitor drilling fluids?

Once you establish drilling fluid returns, you must install and maintain the following drilling fluid-system monitoring equipment throughout subsequent drilling operations. This equipment must have the following indicators on the rig floor:

(a) Pit level indicator to determine drilling fluid-pit volume gains and losses. This indicator must include both a visual and an audible warning device;

(b) Volume measuring device to accurately determine drilling fluid volumes required to fill the hole on trips;

(c) Return indicator devices that indicate the relationship between drilling fluid-return flow rate and pump discharge rate. This indicator must include both a visual and an audible warning device; and

(d) Gas-detecting equipment to monitor the drilling fluid returns. The indicator may be located in the drilling fluid-logging compartment or on the rig floor. If the indicators are only in the logging compartment, you must continually man the equipment and have a means of immediate communication with the rig floor. If the indicators are on the rig floor only, you must install an audible alarm.

§ 250.458 What quantities of drilling fluids are required?

(a) You must use, maintain, and replenish quantities of drilling fluid and drilling fluid materials at the drill site as necessary to ensure well control. You must determine those quantities based on known or anticipated drilling conditions, rig storage capacity, weather conditions, and estimated time for delivery.

(b) You must record the daily inventories of drilling fluid and drilling fluid materials, including weight materials and additives in the drilling fluid report.

(c) If you do not have sufficient quantities of drilling fluid and drilling fluid material to maintain well control, you must suspend drilling operations.

§ 250.459 What are the safety requirements for drilling fluid-handling areas?

You must classify drilling fluid-handling areas according to API RP 500, Recommended Practice for Classification of Locations for Electrical Installations at Petroleum Facilities, Classified as Class I, Division 1 and Division 2 (as incorporated by reference in § 250.198); or API RP 505, Recommended Practice for Classification of Locations for Electrical Installations at Petroleum Facilities, Classified as Class 1, Zone 0, Zone 1, and Zone 2 (as incorporated by reference in § 250.198). In areas where dangerous concentrations of combustible gas may accumulate, you must install and maintain a ventilation system and gas monitors. Drilling fluid-handling areas must have the following safety equipment:

(a) A ventilation system capable of replacing the air once every 5 minutes or 1.0 cubic feet of air-volume flow per minute, per square foot of area, whichever is greater. In addition:

(1) If natural means provide adequate ventilation, then a mechanical ventilation system is not necessary;

(2) If a mechanical system does not run continuously, then it must activate when gas detectors indicate the presence of 1 percent or more of combustible gas by volume; and

(3) If discharges from a mechanical ventilation system may be hazardous, then you must maintain the drilling fluid-handling area at a negative pressure. You must protect the negative pressure area by using at least one of the following: a pressure-sensitive alarm, open-door alarms on each access to the area, automatic door-closing devices, air locks, or other devices approved by the District Manager;

(b) Gas detectors and alarms except in open areas where adequate ventilation is provided by natural means. You must test and recalibrate gas detectors quarterly. No more than 90 days may elapse between tests;

(c) Explosion-proof or pressurized electrical equipment to prevent the ignition of explosive gases. Where you use air for pressuring equipment, you must locate the air intake outside of and as far as practicable from hazardous areas; and

(d) Alarms that activate when the mechanical ventilation system fails.

OTHER DRILLING REQUIREMENTS

§ 250.460 What are the requirements for conducting a well test?

(a) If you intend to conduct a well test, you must include your projected plans for the test with your APD (form BSEE–0123) or in an Application for Permit to Modify (APM) (form BSEE–0124). Your plans must include at least the following information:

(1) Estimated flowing and shut-in tubing pressures;

(2) Estimated flow rates and cumulative volumes;

(3) Time duration of flow, buildup, and drawdown periods;

(4) Description and rating of surface and subsurface test equipment;

(5) Schematic drawing, showing the layout of test equipment;

(6) Description of safety equipment, including gas detectors and fire-fighting equipment;

(7) Proposed methods to handle or transport produced fluids; and

(8) Description of the test procedures.

(b) You must give the District Manager at least 24-hours notice before starting a well test.

§ 250.461 What are the requirements for directional and inclination surveys?

For this subpart, BSEE classifies a well as vertical if the calculated average of inclination readings does not exceed 3 degrees from the vertical.

(a) *Survey requirements for a vertical well.* (1) You must conduct inclination surveys on each vertical well and record the results. Survey intervals may not exceed 1,000 feet during the normal course of drilling;

(2) You must also conduct a directional survey that provides both inclination and azimuth, and digitally record the results in electronic format:

(i) Within 500 feet of setting surface or intermediate casing;

(ii) Within 500 feet of setting any liner; and

(iii) When you reach total depth.

(b) *Survey requirements for directional well.* You must conduct directional surveys on each directional well and digitally record the results. Surveys must give both inclination and azimuth at intervals not to exceed 500 feet during the normal course of drilling. Intervals during angle-changing portions of the hole may not exceed 100 feet.

(c) *Measurement while drilling.* You may use measurement-while-drilling technology if it meets the requirements of this section.

(d) *Composite survey requirements.* (1) Your composite directional survey must show the interval from the bottom of the conductor casing to total depth. In the absence of conductor casing, the survey must show the interval from the bottom of the drive or structural casing to total depth; and

(2) You must correct all surveys to Universal-Transverse-Mercator-Grid-north or Lambert-Grid-north after making the magnetic-to-true-north correction. Surveys must show the magnetic and grid corrections used and include a listing of the directionally computed inclinations and azimuths.

(e) If you drill within 500 feet of an adjacent lease, the Regional Supervisor may require you to furnish a copy of the well's directional survey to the affected leaseholder. This could occur when the adjoining leaseholder requests a copy of the survey for the protection of correlative rights.

§ 250.462 What are the requirements for well-control drills?

You must conduct a weekly well-control drill with each drilling crew. Your drill must familiarize the crew with its roles and functions so that all crew members can perform their duties promptly and efficiently.

(a) *Well-control drill plan.* You must prepare a well control drill plan for each well. Your plan must outline the assignments for each crew member and establish times to complete each portion of the drill. You must post a copy of the well control drill plan on the rig floor or bulletin board.

(b) *Timing of drills.* You must conduct each drill during a period of activity that minimizes the risk to drilling operations. The timing of your drills must cover a range of different operations, including drilling with a diverter, on-bottom drilling, and tripping.

(c) *Recordkeeping requirements.* For each drill, you must record the following in the driller's report:

(1) The time to be ready to close the diverter or BOP system; and

(2) The total time to complete the entire drill.

(d) *BSEE ordered drill.* A BSEE authorized representative may require you to conduct a well control drill during a BSEE inspection. The BSEE representative will consult with your onsite representative before requiring the drill.

§ 250.463 Who establishes field drilling rules?

(a) The District Manager may establish field drilling rules different from the requirements of this subpart when geological and engineering information shows that specific operating requirements are appropriate. You must comply with field drilling rules and nonconflicting requirements of this subpart. The District Manager may amend or cancel field drilling rules at any time.

(b) You may request the District Manager to establish, amend, or cancel field drilling rules.

APPLYING FOR A PERMIT TO MODIFY AND WELL RECORDS

§ 250.465 When must I submit an Application for Permit to Modify (APM) or an End of Operations Report to BSEE?

(a) You must submit an APM (form BSEE–0124) or an End of Operations Report (form BSEE–0125) and other materials to the Regional Supervisor as shown in the following table. You must also submit a public information copy of each form.

When you . . .	Then you must . . .	And . . .
(1) Intend to revise your drilling plan, change major drilling equipment, or plugback,	Submit form BSEE–0124 or request oral approval,	Receive written or oral approval from the District Manager before you begin the intended operation. If you get an approval, you must submit form BSEE–0124 no later than the end of the 3rd business day following the oral approval. In all cases, or you must meet the additional requirements in paragraph (b) of this section.
(2) Determine a well's final surface location, water depth, and the rotary kelly bushing elevation,	Immediately Submit a form BSEE–0124,	Submit a plat certified by a registered land surveyor that meets the requirements of § 250.412.
(3) Move a drilling unit from a wellbore before completing a well,	Submit forms BSEE–0124 and BSEE–0125 within 30 days after the suspension of wellbore operations,	Submit appropriate copies of the well records.

(b) If you intend to perform any of the actions specified in paragraph (a)(1) of this section, you must meet the following additional requirements:

(1) Your APM (Form BSEE–0124) must contain a detailed statement of the proposed work that would materially change from the approved APD. The submission of your APM must be accompanied by payment of the service fee listed in § 250.125;

(2) Your form BSEE–0124 must include the present status of the well, depth of all casing strings set to date, well depth, present production zones and productive capability, and all other information specified; and

(3) Within 30 days after completing this work, you must submit form BSEE–0124 with detailed information about the work to the District Manager, unless you have already provided sufficient information in a Well Activity Report, form BSEE–0133 (§ 250.468(b)).

§ 250.466 What records must I keep?

You must keep complete, legible, and accurate records for each well. You must keep drilling records onsite while drilling activities continue. After completion of drilling activities, you must keep all drilling and other well records for the time periods shown in § 250.467. You may keep these records at a location of your choice. The records must contain complete information on all of the following:

(a) Well operations;

(b) Descriptions of formations penetrated;

(c) Content and character of oil, gas, water, and other mineral deposits in each formation;

(d) Kind, weight, size, grade, and setting depth of casing;

(e) All well logs and surveys run in the wellbore;

(f) Any significant malfunction or problem; and

(g) All other information required by the District Manager in the interests of resource evaluation, waste prevention, conservation of natural resources, and the protection of correlative rights, safety, and environment.

§ 250.467 How long must I keep records?

You must keep records for the time periods shown in the following table.

You must keep records relating to . . .	Until . . .
(a) Drilling,	Ninety days after you complete drilling operations.
(b) Casing and liner pressure tests, diverter tests, and BOP tests,	Two years after the completion of drilling operations.
(c) Completion of a well or of any workover activity that materially alters the completion configuration or affects a hydrocarbon-bearing zone,	You permanently plug and abandon the well or until you forward the records with a lease assignment.

§ 250.468 What well records am I required to submit?

(a) You must submit copies of logs or charts of electrical, radioactive, sonic, and other well-logging operations; directional and vertical-well surveys; velocity profiles and surveys; and analysis of cores to BSEE. Each Region will provide specific instructions for submitting well logs and surveys.

(b) For drilling operations in the GOM OCS Region, you must submit form BSEE–0133, Well Activity Report, to the District Manager on a weekly basis.

(c) For drilling operations in the Pacific or Alaska OCS Regions, you must submit form BSEE–0133, Well Activity Report, to the District Manager on a daily basis.

§ 250.469 What other well records could I be required to submit?

The District Manager or Regional Supervisor may require you to submit copies of any or all of the following well records.

(a) Well records as specified in § 250.466;

(b) Paleontological interpretations or reports identifying microscopic fossils by depth and/or washed samples of drill cuttings that you normally maintain for paleontological determinations. The Regional Supervisor may issue a Notice to Lessees that prescribes the manner, timeframe, and format for submitting this information;

(c) Service company reports on cementing, perforating, acidizing, testing, or other similar services; or

(d) Other reports and records of operations.

HYDROGEN SULFIDE

§ 250.490 Hydrogen sulfide.

(a) *What precautions must I take when operating in an H_2S area?* You must:

(1) Take all necessary and feasible precautions and measures to protect personnel from the toxic effects of H_2S and to mitigate damage to property and the environment caused by H_2S. You must follow the requirements of this section when conducting drilling, well-completion/well-workover, and production operations in zones with H_2S present and when conducting operations in zones where the presence of H_2S is unknown. You do not need to follow these requirements when operating in zones where the absence of H_2S has been confirmed; and

(2) Follow your approved contingency plan.

(b) *Definitions.* Terms used in this section have the following meanings:

Facility means a vessel, a structure, or an artificial island used for drilling, well-completion, well-workover, and/or production operations.

H_2S absent means:

(1) Drilling, logging, coring, testing, or producing operations have confirmed the absence of H_2S in concentrations that could potentially result in atmospheric concentrations of 20 ppm or more of H_2S; or

(2) Drilling in the surrounding areas and correlation of geological and seismic data with equivalent stratigraphic units have confirmed an absence of H_2S throughout the area to be drilled.

H_2S present means that drilling, logging, coring, testing, or producing operations have confirmed the presence of H_2S in concentrations and volumes that could potentially result in atmospheric concentrations of 20 ppm or more of H_2S.

H_2S unknown means the designation of a zone or geologic formation where neither the presence nor absence of H_2S has been confirmed.

Well-control fluid means drilling mud and completion or workover fluid as appropriate to the particular operation being conducted.

(c) *Classifying an area for the presence of H_2S.* You must:

(1) Request and obtain an approved classification for the area from the Regional Supervisor before you begin operations. Classifications are ''H_2S absent,'' H_2S present,'' or ''H_2S unknown'';

(2) Submit your request with your application for permit to drill;

(3) Support your request with available information such as geologic and geophysical data and correlations, well logs, formation tests, cores and analysis of formation fluids; and

(4) Submit a request for reclassification of a zone when additional data indicate a different classification is needed.

(d) *What do I do if conditions change?* If you encounter H_2S that could potentially result in atmospheric concentrations of 20 ppm or more in areas not previously classified as having H_2S present, you must immediately notify BSEE and begin to follow requirements for areas with H_2S present.

(e) *What are the requirements for conducting simultaneous operations?* When conducting any combination of drilling, well-completion, well-workover, and production operations simultaneously, you must follow the requirements in the section applicable to each individual operation.

(f) *Requirements for submitting an H_2S Contingency Plan.* Before you begin operations, you must submit an H_2S Contingency Plan to the District Manager for approval. Do not begin operations before the District Manager approves your plan. You must keep a copy of the approved plan in the field, and you must follow the plan at all times. Your plan must include:

(1) Safety procedures and rules that you will follow concerning equipment, drills, and smoking;

(2) Training you provide for employees, contractors, and visitors;

(3) Job position and title of the person responsible for the overall safety of personnel;

(4) Other key positions, how these positions fit into your organization, and what the functions, duties, and responsibilities of those job positions are;

(5) Actions that you will take when the concentration of H_2S in the atmosphere reaches 20 ppm, who will be responsible for those actions, and a description of the audible and visual alarms to be activated;

(6) Briefing areas where personnel will assemble during an H_2S alert. You must have at least two briefing areas on each facility and use the briefing area that is upwind of the H_2S source at any given time;

(7) Criteria you will use to decide when to evacuate the facility and procedures you will use to safely evacuate all personnel from the facility by vessel, capsule, or lifeboat. If you use helicopters during H_2S alerts, describe the types of H_2S emergencies during which you consider the risk of helicopter activity to be acceptable and the precautions you will take during the flights;

(8) Procedures you will use to safely position all vessels attendant to the facility. Indicate where you will locate the vessels with respect to wind direction. Include the distance from the facility and what procedures you will use to safely relocate the vessels in an emergency;

(9) How you will provide protective-breathing equipment for all personnel, including contractors and visitors;

(10) The agencies and facilities you will notify in case of a release of H_2S (that constitutes an emergency), how you will notify them, and their telephone numbers. Include all facilities that might be exposed to atmospheric concentrations of 20 ppm or more of H_2S;

(11) The medical personnel and facilities you will use if needed, their addresses, and telephone numbers;

(12) H_2S detector locations in production facilities producing gas containing 20 ppm or more of H_2S. Include an ''H_2S Detector Location Drawing'' showing:

(i) All vessels, flare outlets, wellheads, and other equipment handling production containing H_2S;

(ii) Approximate maximum concentration of H_2S in the gas stream; and

(iii) Location of all H_2S sensors included in your contingency plan;

(13) Operational conditions when you expect to flare gas containing H_2S including the estimated maximum gas flow rate, H_2S concentration, and duration of flaring;

(14) Your assessment of the risks to personnel during flaring and what precautionary measures you will take;

(15) Primary and alternate methods to ignite the flare and procedures for sustaining ignition and monitoring the status of the flare (*i.e.*, ignited or extinguished);

(16) Procedures to shut off the gas to the flare in the event the flare is extinguished;

(17) Portable or fixed sulphur dioxide (SO_2)-detection system(s) you will use to determine SO_2 concentration and exposure hazard when H_2S is burned;

(18) Increased monitoring and warning procedures you will take when the

SO_2 concentration in the atmosphere reaches 2 ppm;

(19) Personnel protection measures or evacuation procedures you will initiate when the SO_2 concentration in the atmosphere reaches 5 ppm;

(20) Engineering controls to protect personnel from SO_2; and

(21) Any special equipment, procedures, or precautions you will use if you conduct any combination of drilling, well-completion, well-workover, and production operations simultaneously.

(g) *Training program:* (1) *When and how often do employees need to be trained?* All operators and contract personnel must complete an H_2S training program to meet the requirements of this section:

(i) Before beginning work at the facility; and

(ii) Each year, within 1 year after completion of the previous class.

(2) *What training documentation do I need?* For each individual working on the platform, either:

(i) You must have documentation of this training at the facility where the individual is employed; or

(ii) The employee must carry a training completion card.

(3) *What training do I need to give to visitors and employees previously trained on another facility?*

(i) Trained employees or contractors transferred from another facility must attend a supplemental briefing on your H_2S equipment and procedures before beginning duty at your facility;

(ii) Visitors who will remain on your facility more than 24 hours must receive the training required for employees by paragraph (g)(4) of this section; and

(iii) Visitors who will depart before spending 24 hours on the facility are exempt from the training required for employees, but they must, upon arrival, complete a briefing that includes:

(A) Information on the location and use of an assigned respirator; practice in donning and adjusting the assigned respirator; information on the safe briefing areas, alarm system, and hazards of H_2S and SO_2; and

(B) Instructions on their responsibilities in the event of an H_2S release.

(4) *What training must I provide to all other employees?* You must train all individuals on your facility on the:

(i) Hazards of H_2S and of SO_2 and the provisions for personnel safety contained in the H_2S Contingency Plan;

(ii) Proper use of safety equipment which the employee may be required to use;

(iii) Location of protective breathing equipment, H_2S detectors and alarms, ventilation equipment, briefing areas, warning systems, evacuation procedures, and the direction of prevailing winds;

(iv) Restrictions and corrective measures concerning beards, spectacles, and contact lenses in conformance with ANSI Z88.2, American National Standard for Respiratory Protection (as specified in § 250.198);

(v) Basic first-aid procedures applicable to victims of H_2S exposure. During all drills and training sessions, you must address procedures for rescue and first aid for H_2S victims;

(vi) Location of:

(A) The first-aid kit on the facility;

(B) Resuscitators; and

(C) Litter or other device on the facility.

(vii) Meaning of all warning signals.

(5) *Do I need to post safety information?* You must prominently post safety information on the facility and on vessels serving the facility (*i.e.*, basic first-aid, escape routes, instructions for use of life boats, *etc.*).

(h) *Drills.* (1) *When and how often do I need to conduct drills on H_2S safety discussions on the facility?* You must:

(i) Conduct a drill for each person at the facility during normal duty hours at least once every 7-day period. The drills must consist of a dry-run performance of personnel activities related to assigned jobs.

(ii) At a safety meeting or other meetings of all personnel, discuss drill performance, new H_2S considerations at the facility, and other updated H_2S information at least monthly.

(2) *What documentation do I need?* You must keep records of attendance for:

(i) Drilling, well-completion, and well-workover operations at the facility until operations are completed; and

(ii) Production operations at the facility or at the nearest field office for 1 year.

(i) *Visual and audible warning systems:* (1) *How must I install wind direction equipment?* You must install wind-direction equipment in a location visible at all times to individuals on or in the immediate vicinity of the facility.

(2) *When do I need to display operational danger signs, display flags, or activate visual or audible alarms?*

(i) You must display warning signs at all times on facilities with wells capable of producing H_2S and on facilities that process gas containing H_2S in concentrations of 20 ppm or more.

(ii) In addition to the signs, you must activate audible alarms and display flags or activate flashing red lights when atmospheric concentration of H_2S reaches 20 ppm.

(3) *What are the requirements for signs?* Each sign must be a high-visibility yellow color with black lettering as follows:

Letter height	Wording
12 inches	Danger. Poisonous Gas. Hydrogen Sulfide.
7 inches	Do not approach if red flag is flying.
(Use appropriate wording at right).	Do not approach if red lights are flashing.

(4) *May I use existing signs?* You may use existing signs containing the words ''Danger-Hydrogen Sulfide-H_2S,'' provided the words ''Poisonous Gas. Do Not Approach if Red Flag is Flying'' or ''Red Lights are Flashing'' in lettering of a minimum of 7 inches in height are displayed on a sign immediately adjacent to the existing sign.

(5) *What are the requirements for flashing lights or flags?* You must activate a sufficient number of lights or hoist a sufficient number of flags to be visible to vessels and aircraft. Each light must be of sufficient intensity to be seen by approaching vessels or aircraft any time it is activated (day or night). Each flag must be red, rectangular, a minimum width of 3 feet, and a minimum height of 2 feet.

(6) *What is an audible warning system?* An audible warning system is a public address system or siren, horn, or other similar warning device with a unique sound used only for H_2S.

(7) *Are there any other requirements for visual or audible warning devices?* Yes, you must:

(i) Illuminate all signs and flags at night and under conditions of poor visibility; and

(ii) Use warning devices that are suitable for the electrical classification of the area.

(8) *What actions must I take when the alarms are activated?* When the warning devices are activated, the designated responsible persons must inform personnel of the level of danger and issue instructions on the initiation of appropriate protective measures.

(j) *H_2S-detection and H_2S monitoring equipment:* (1) *What are the requirements for an H_2S detection system?* An H_2S detection system must:

(i) Be capable of sensing a minimum of 10 ppm of H_2S in the atmosphere; and

(ii) Activate audible and visual alarms when the concentration of H_2S in the atmosphere reaches 20 ppm.

(2) *Where must I have sensors for drilling, well-completion, and well-workover operations?* You must locate sensors at the:

(i) Bell nipple;

(ii) Mud-return line receiver tank (possum belly);

(iii) Pipe-trip tank;

(iv) Shale shaker;

(v) Well-control fluid pit area;

(vi) Driller's station;

(vii) Living quarters; and

(viii) All other areas where H_2S may accumulate.

(3) *Do I need mud sensors?* The District Manager may require mud sensors in the possum belly in cases where the ambient air sensors in the mud-return system do not consistently detect the presence of H_2S.

(4) *How often must I observe the sensors?* During drilling, well-completion and well-workover operations, you must continuously observe the H_2S levels indicated by the monitors in the work areas during the following operations:

(i) When you pull a wet string of drill pipe or workover string;

(ii) When circulating bottoms-up after a drilling break;

(iii) During cementing operations;

(iv) During logging operations; and

(v) When circulating to condition mud or other well-control fluid.

(5) *Where must I have sensors for production operations?* On a platform where gas containing H_2S of 20 ppm or greater is produced, processed, or otherwise handled:

(i) You must have a sensor in rooms, buildings, deck areas, or low-laying deck areas not otherwise covered by paragraph (j)(2) of this section, where atmospheric concentrations of H_2S could reach 20 ppm or more. You must have at least one sensor per 400 square feet of deck area or fractional part of 400 square feet;

(ii) You must have a sensor in buildings where personnel have their living quarters;

(iii) You must have a sensor within 10 feet of each vessel, compressor, wellhead, manifold, or pump, which could release enough H_2S to result in atmospheric concentrations of 20 ppm at a distance of 10 feet from the component;

(iv) You may use one sensor to detect H_2S around multiple pieces of equipment, provided the sensor is located no more than 10 feet from each piece, except that you need to use at least two sensors to monitor compressors exceeding 50 horsepower;

(v) You do not need to have sensors near wells that are shut in at the master valve and sealed closed;

(vi) When you determine where to place sensors, you must consider:

(A) The location of system fittings, flanges, valves, and other devices subject to leaks to the atmosphere; and

(B) Design factors, such as the type of decking and the location of fire walls; and

(vii) The District Manager may require additional sensors or other monitoring capabilities, if warranted by site specific conditions.

(6) *How must I functionally test the H_2S Detectors?* (i) Personnel trained to calibrate the particular H_2S detector equipment being used must test detectors by exposing them to a known concentration in the range of 10 to 30 ppm of H_2S.

(ii) If the results of any functional test are not within 2 ppm or 10 percent, whichever is greater, of the applied concentration, recalibrate the instrument.

(7) *How often must I test my detectors?* (i) When conducting drilling, drill stem testing, well-completion, or well-workover operations in areas classified as H_2S present or H_2S unknown, test all detectors at least once every 24 hours. When drilling, begin functional testing before the bit is 1,500 feet (vertically) above the potential H_2S zone.

(ii) When conducting production operations, test all detectors at least every 14 days between tests.

(iii) If equipment requires calibration as a result of two consecutive functional tests, the District Manager may require that H_2S-detection and H_2S-monitoring equipment be functionally tested and calibrated more frequently.

(8) *What documentation must I keep*? (i) You must maintain records of testing and calibrations (in the drilling or production operations report, as applicable) at the facility to show the present status and history of each device, including dates and details concerning:

(A) Installation;

(B) Removal;

(C) Inspection;

(D) Repairs;

(E) Adjustments; and

(F) Reinstallation.

(ii) Records must be available for inspection by BSEE personnel.

(9) *What are the requirements for nearby vessels?* If vessels are stationed overnight alongside facilities in areas of H_2S present or H_2S unknown, you must equip vessels with an H_2S-detection system that activates audible and visual alarms when the concentration of H_2S in the atmosphere reaches 20 ppm. This requirement does not apply to vessels positioned upwind and at a safe distance from the facility in accordance with the positioning procedure described in the approved H_2S Contingency Plan.

(10) *What are the requirements for nearby facilities?* The District Manager may require you to equip nearby facilities with portable or fixed H_2S detector(s) and to test and calibrate those detectors. To invoke this requirement, the District Manager will consider dispersion modeling results from a possible release to determine if 20 ppm H_2S concentration levels could be exceeded at nearby facilities.

(11) *What must I do to protect against SO_2 if I burn gas containing H_2S?* You must:

(i) Monitor the SO_2concentration in the air with portable or strategically placed fixed devices capable of detecting a minimum of 2 ppm of SO_2;

(ii) Take readings at least hourly and at any time personnel detect SO_2 odor or nasal irritation;

(iii) Implement the personnel protective measures specified in the H_2S Contingency Plan if the SO_2 concentration in the work area reaches 2 ppm; and

(iv) Calibrate devices every 3 months if you use fixed or portable electronic sensing devices to detect SO_2.

(12) *May I use alternative measures?* You may follow alternative measures instead of those in paragraph (j)(11) of this section if you propose and the Regional Supervisor approves the alternative measures.

(13) *What are the requirements for protective-breathing equipment?* In an area classified as H_2S present or H_2S unknown, you must:

(i) Provide all personnel, including contractors and visitors on a facility, with immediate access to self-contained pressure-demand-type respirators with hoseline capability and breathing time of at least 15 minutes.

(ii) Design, select, use, and maintain respirators in conformance with ANSI Z88.2 (as specified in § 250.198).

(iii) Make available at least two voice-transmission devices, which can be used while wearing a respirator, for use by designated personnel.

(iv) Make spectacle kits available as needed.

(v) Store protective-breathing equipment in a location that is quickly and easily accessible to all personnel.

(vi) Label all breathing-air bottles as containing breathing-quality air for human use.

(vii) Ensure that vessels attendant to facilities carry appropriate protective-breathing equipment for each crew member. The District Manager may require additional protective-breathing equipment on certain vessels attendant to the facility.

(viii) During H_2S alerts, limit helicopter flights to and from facilities to the conditions specified in the H_2S Contingency Plan. During authorized flights, the flight crew and passengers must use pressure-demand-type respirators. You must train all members of flight crews in the use of the particular type(s) of respirator equipment made available.

(ix) As appropriate to the particular operation(s), (production, drilling, well-completion or well-workover operations, or any combination of them), provide a system of breathing-air manifolds, hoses, and masks at the facility and the briefing areas. You must provide a cascade air-bottle system for the breathing-air manifolds to refill individual protective-breathing apparatus bottles. The cascade air-bottle system may be recharged by a high-pressure compressor suitable for providing breathing-quality air, provided the compressor suction is located in an uncontaminated atmosphere.

(k) *Personnel safety equipment:* (1) What additional personnel-safety equipment do I need? You must ensure that your facility has:

(i) Portable H_2S detectors capable of detecting a 10 ppm concentration of H_2S in the air available for use by all personnel;

(ii) Retrieval ropes with safety harnesses to retrieve incapacitated personnel from contaminated areas;

(iii) Chalkboards and/or note pads for communication purposes located on the rig floor, shale-shaker area, the cement-pump rooms, well-bay areas, production processing equipment area, gas compressor area, and pipeline-pump area;

(iv) Bull horns and flashing lights; and

(v) At least three resuscitators on manned facilities, and a number equal to the personnel on board, not to exceed three, on normally unmanned facilities, complete with face masks, oxygen bottles, and spare oxygen bottles.

(2) *What are the requirements for ventilation equipment?* You must:

(i) Use only explosion-proof ventilation devices;

(ii) Install ventilation devices in areas where H_2S or SO_2 may accumulate; and

(iii) Provide movable ventilation devices in work areas. The movable ventilation devices must be multidirectional and capable of dispersing H_2S or

SO_2 vapors away from working personnel.

(3) *What other personnel safety equipment do I need?* You must have the following equipment readily available on each facility:

(i) A first-aid kit of appropriate size and content for the number of personnel on the facility; and

(ii) At least one litter or an equivalent device.

(l) *Do I need to notify BSEE in the event of an H_2S release?* You must notify BSEE without delay in the event of a gas release which results in a 15-minute time-weighted average atmospheric concentration of H_2S of 20 ppm or more anywhere on the OCS facility. You must report these gas releases to the District Manager immediately by oral communication, with a written follow-up report within 15 days, pursuant to §§ 250.188 through 250.190.

(m) *Do I need to use special drilling, completion and workover fluids or procedures?* When working in an area classified as H_2S present or H_2S unknown:

(1) You may use either water- or oil-base muds in accordance with § 250.300(b)(1).

(2) If you use water-base well-control fluids, and if ambient air sensors detect H_2S, you must immediately conduct either the Garrett-Gas-Train test or a comparable test for soluble sulfides to confirm the presence of H_2S.

(3) If the concentration detected by air sensors in over 20 ppm, personnel conducting the tests must don protective-breathing equipment conforming to paragraph (j)(13) of this section.

(4) You must maintain on the facility sufficient quantities of additives for the control of H_2S, well-control fluid pH, and corrosion equipment.

(i) *Scavengers.* You must have scavengers for control of H_2S available on the facility. When H_2S is detected, you must add scavengers as needed. You must suspend drilling until the scavenger is circulated throughout the system.

(ii) *Control pH.* You must add additives for the control of pH to water-base well-control fluids in sufficient quantities to maintain pH of at least 10.0.

(iii) *Corrosion inhibitors.* You must add additives to the well-control fluid system as needed for the control of corrosion.

(5) You must degas well-control fluids containing H_2S at the optimum location for the particular facility. You must collect the gases removed and burn them in a closed flare system conforming to paragraph (q)(6) of this section.

(n) *What must I do in the event of a kick?* In the event of a kick, you must use one of the following alternatives to dispose of the well-influx fluids giving consideration to personnel safety, possible environmental damage, and possible facility well-equipment damage:

(1) Contain the well-fluid influx by shutting in the well and pumping the fluids back into the formation.

(2) Control the kick by using appropriate well-control techniques to prevent formation fracturing in an open hole within the pressure limits of the well equipment (drill pipe, work string, casing, wellhead, BOP system, and related equipment). The disposal of H_2S and other gases must be through pressurized or atmospheric mud-separator equipment depending on volume, pressure and concentration of H_2S. The equipment must be designed to recover well-control fluids and burn the gases separated from the well-control fluid. The well-control fluid must be treated to neutralize H_2S and restore and maintain the proper quality.

(o) *Well testing in a zone known to contain H_2S.* When testing a well in a zone with H_2S present, you must do all of the following:

(1) Before starting a well test, conduct safety meetings for all personnel who will be on the facility during the test. At the meetings, emphasize the use of protective-breathing equipment, first-aid procedures, and the Contingency Plan. Only competent personnel who are trained and are knowledgeable of the hazardous effects of H_2S must be engaged in these tests.

(2) Perform well testing with the minimum number of personnel in the immediate vicinity of the rig floor and with the appropriate test equipment to safely and adequately perform the test. During the test, you must continuously monitor H_2S levels.

(3) Not burn produced gases except through a flare which meets the requirements of paragraph (q)(6) of this section. Before flaring gas containing H_2S, you must activate SO_2 monitoring equipment in accordance with paragraph (j)(11) of this section. If you detect SO_2 in excess of 2 ppm, you must implement the personnel protective measures in your H_2S Contingency Plan, required by paragraph (f) of this section. You must also follow the requirements of § 250.1164. You must pipe gases from stored test fluids into the flare outlet and burn them.

(4) Use downhole test tools and wellhead equipment suitable for H_2S service.

(5) Use tubulars suitable for H_2S service. You must not use drill pipe for well testing without the prior approval of the District Manager. Water cushions must be thoroughly inhibited in order to prevent H_2S attack on metals. You must flush the test string fluid treated for this purpose after completion of the test.

(6) Use surface test units and related equipment that is designed for H_2S service.

(p) *Metallurgical properties of equipment.* When operating in a zone with H_2S present, you must use equipment that is constructed of materials with metallurgical properties that resist or prevent sulfide stress cracking (also known as hydrogen embrittlement, stress corrosion cracking, or H_2S embrittlement), chloride-stress cracking, hydrogen-induced cracking, and other failure modes. You must do all of the following:

(1) Use tubulars and other equipment, casing, tubing, drill pipe, couplings, flanges, and related equipment that is designed for H_2S service.

(2) Use BOP system components, wellhead, pressure-control equipment, and related equipment exposed to H_2S-bearing fluids in conformance with NACE Standard MR0175–03 (as specified in § 250.198).

(3) Use temporary downhole well-security devices such as retrievable packers and bridge plugs that are designed for H_2S service.

(4) When producing in zones bearing H_2S, use equipment constructed of materials capable of resisting or preventing sulfide stress cracking.

(5) Keep the use of welding to a minimum during the installation or modification of a production facility. Welding must be done in a manner that ensures resistance to sulfide stress cracking.

(q) *General requirements when operating in an H_2S zone:* (1) Coring operations. When you conduct coring operations in H_2S-bearing zones, all personnel in the working area must wear protective-breathing equipment at least 10 stands in advance of retrieving the core barrel. Cores to be transported must be sealed and marked for the presence of H_2S.

(2) *Logging operations.* You must treat and condition well-control fluid in use for logging operations to minimize the effects of H_2S on the logging equipment.

(3) *Stripping operations.* Personnel must monitor displaced well-control fluid returns and wear protective-breathing equipment in the working area when the atmospheric concentration of H_2S reaches 20 ppm or if the well is under pressure.

(4) *Gas-cut well-control fluid or well kick from H_2S-bearing zone.* If you decide to circulate out a kick, personnel in the working area during bottoms-up and extended-kill operations must wear protective-breathing equipment.

(5) *Drill- and workover-string design and precautions.* Drill- and workover-strings must be designed consistent with the anticipated depth, conditions of the hole, and reservoir environment to be encountered. You must minimize exposure of the drill- or workover-string to high stresses as much as practical and consistent with well conditions. Proper handling techniques must be taken to minimize notching and stress concentrations. Precautions must be taken to minimize stresses caused by doglegs, improper stiffness ratios, improper torque, whip, abrasive wear on tool joints, and joint imbalance.

(6) *Flare system.* The flare outlet must be of a diameter that allows easy nonrestricted flow of gas. You must locate flare line outlets on the downside of the facility and as far from the facility as is feasible, taking into account the

prevailing wind directions, the wake effects caused by the facility and adjacent structure(s), and the height of all such facilities and structures. You must equip the flare outlet with an automatic ignition system including a pilot-light gas source or an equivalent system. You must have alternate methods for igniting the flare. You must pipe to the flare system used for H_2S all vents from production process equipment, tanks, relief valves, burst plates, and similar devices.

(7) *Corrosion mitigation.* You must use effective means of monitoring and controlling corrosion caused by acid gases (H_2S and CO_2) in both the downhole and surface portions of a production system. You must take specific corrosion monitoring and mitigating measures in areas of unusually severe corrosion where accumulation of water and/or higher concentration of H_2S exists.

(8) *Wireline lubricators.* Lubricators which may be exposed to fluids containing H_2S must be of H_2S-resistant materials.

(9) *Fuel and/or instrument gas.* You must not use gas containing H_2S for instrument gas. You must not use gas containing H_2S for fuel gas without the prior approval of the District Manager.

(10) *Sensing lines and devices.* Metals used for sensing line and safety-control devices which are necessarily exposed to H_2S-bearing fluids must be constructed of H_2S-corrosion resistant materials or coated so as to resist H_2S corrosion.

(11) *Elastomer seals.* You must use H_2S-resistant materials for all seals which may be exposed to fluids containing H_2S.

(12) *Water disposal.* If you dispose of produced water by means other than subsurface injection, you must submit to the District Manager an analysis of the anticipated H_2S content of the water at the final treatment vessel and at the discharge point. The District Manager may require that the water be treated for removal of H_2S. The District Manager may require the submittal of an updated analysis if the water disposal rate or the potential H_2S content increases.

(13) *Deck drains.* You must equip open deck drains with traps or similar devices to prevent the escape of H_2S gas into the atmosphere.

(14) *Sealed voids.* You must take precautions to eliminate sealed spaces in piping designs (e.g., slip-on flanges, reinforcing pads) which can be invaded by atomic hydrogen when H_2S is present.

Subpart E—Oil and Gas Well-Completion Operations

§ 250.500 General requirements.

Well-completion operations shall be conducted in a manner to protect against harm or damage to life (including fish and other aquatic life), property, natural resources of the OCS including any mineral deposits (in areas leased and not leased), the National security or defense, or the marine, coastal, or human environment.

§ 250.501 Definition.

When used in this subpart, the following term shall have the meaning given below:

Well-completion operations means the work conducted to establish the production of a well after the production-casing string has been set, cemented, and pressure-tested.

§ 250.502 Equipment movement.

The movement of well-completion rigs and related equipment on and off a platform or from well to well on the same platform, including rigging up and rigging down, shall be conducted in a safe manner. All wells in the same well-bay which are capable of producing hydrocarbons shall be shut in below the surface with a pump-through-type tubing plug and at the surface with a closed master valve prior to moving well-completion rigs and related equipment, unless otherwise approved by the District Manager. A closed surface-controlled subsurface safety valve of the pump-through type may be used in lieu of the pump-through-type tubing plug, provided that the surface control has been locked out of operation. The well from which the rig or related equipment is to be moved shall also be equipped with a back-pressure valve prior to removing the blowout preventer (BOP) system and installing the tree.

§ 250.503 Emergency shutdown system.

When well-completion operations are conducted on a platform where there are other hydrocarbon-producing wells or other hydrocarbon flow, an emergency shutdown system (ESD) manually controlled station shall be installed near the driller's console or well-servicing unit operator's work station.

§ 250.504 Hydrogen sulfide.

When a well-completion operation is conducted in zones known to contain hydrogen sulfide (H_2S) or in zones where the presence of H_2S is unknown (as defined in § 250.490 of this part), the lessee shall take appropriate precautions to protect life and property on the platform or completion unit, including, but not limited to operations such as blowing the well down, dismantling wellhead equipment and flow lines, circulating the well, swabbing, and pulling tubing, pumps, and packers. The lessee shall comply with the requirements in § 250.490 of this part as well as the appropriate requirements of this subpart.

§ 250.505 Subsea completions.

No subsea well completion shall be commenced until the lessee obtains written approval from the District Manager in accordance with § 250.513 of this part. That approval shall be based upon a case-by-case determination that the proposed equipment and procedures will adequately control the well and permit safe production operations.

§ 250.506 Crew instructions.

Prior to engaging in well-completion operations, crew members shall be instructed in the safety requirements of the operations to be performed, possible hazards to be encountered, and general safety considerations to protect personnel, equipment, and the environment. Date and time of safety meetings shall be recorded and available at the facility for review by BSEE representatives.

§§ 250.507–250.508 [Reserved]

§ 250.509 Well-completion structures on fixed platforms.

Derricks, masts, substructures, and related equipment shall be selected, designed, installed, used, and maintained so as to be adequate for the potential loads and conditions of loading that may be encountered during the proposed operations. Prior to moving a well-completion rig or equipment onto a platform, the lessee shall determine the structural capability of the platform to safely support the equipment and proposed operations, taking into consideration the corrosion protection, age of platform, and previous stresses to the platform.

§ 250.510 Diesel engine air intakes.

Diesel engine air intakes must be equipped with a device to shut down the diesel engine in the event of runaway. Diesel engines that are continuously attended must be equipped with either remote operated manual or automatic-shutdown devices. Diesel engines that are not continuously attended must be equipped with automatic-shutdown devices.

§ 250.511 Traveling-block safety device.

All units being used for well-completion operations that have both a traveling block and a crown block must be equipped with a safety device that is designed to prevent the traveling block from striking the crown block. The device must be checked for proper operation weekly and after each drill-line slipping operation. The results of the operational check must be entered in the operations log.

§ 250.512 Field well-completion rules.

When geological and engineering information available in a field enables the District Manager to determine specific operating requirements, field well-completion rules may be established on the District Manager's initiative or in response to a request from a lessee. Such rules may modify the specific requirements of this subpart. After field well-completion rules have been established, well-completion operations in the field shall be conducted in

accordance with such rules and other requirements of this subpart. Field well-completion rules may be amended or canceled for cause at any time upon the initiative of the District Manager or upon the request of a lessee.

§ 250.513 Approval and reporting of well-completion operations.

(a) No well-completion operation may begin until the lessee receives written approval from the District Manager. If completion is planned and the data are available at the time you submit the Application for Permit to Drill and Supplemental APD Information Sheet (Forms BSEE–0123 and BSEE–0123S), you may request approval for a well-completion on those forms (see §§ 250.410 through 250.418 of this part). If the District Manager has not approved the completion or if the completion objective or plans have significantly changed, you must submit an Application for Permit to Modify (Form BSEE–0124) for approval of such operations.

(b) You must submit the following with Form BSEE–0124 (or with Form BSEE–0123; Form BSEE–0123S):

(1) A brief description of the well-completion procedures to be followed, a statement of the expected surface pressure, and type and weight of completion fluids;

(2) A schematic drawing of the well showing the proposed producing zone(s) and the subsurface well-completion equipment to be used;

(3) For multiple completions, a partial electric log showing the zones proposed for completion, if logs have not been previously submitted;

(4) When the well-completion is in a zone known to contain H_2S or a zone where the presence of H_2S is unknown, information pursuant to § 250.490 of this part; and

(5) Payment of the service fee listed in § 250.125.

(c) Within 30 days after completion, you must submit to the District Manager an End of Operations Report (Form BSEE–0125), including a schematic of the tubing and subsurface equipment.

(d) You must submit public information copies of Form BSEE–0125 according to § 250.186.

§ 250.514 Well-control fluids, equipment, and operations.

(a) Well-control fluids, equipment, and operations shall be designed, utilized, maintained, and/or tested as necessary to control the well in foreseeable conditions and circumstances, including subfreezing conditions. The well shall be continuously monitored during well-completion operations and shall not be left unattended at any time unless the well is shut in and secured.

(b) The following well-control-fluid equipment shall be installed, maintained, and utilized:

(1) A fill-up line above the uppermost BOP;

(2) A well-control, fluid-volume measuring device for determining fluid volumes when filling the hole on trips; and

(3) A recording mud-pit-level indicator to determine mud-pit-volume gains and losses. This indicator shall include both a visual and an audible warning device.

(c) When coming out of the hole with drill pipe, the annulus shall be filled with well-control fluid before the change in such fluid level decreases the hydrostatic pressure 75 pounds per square inch (psi) or every five stands of drill pipe, whichever gives a lower decrease in hydrostatic pressure. The number of stands of drill pipe and drill collars that may be pulled prior to filling the hole and the equivalent well-control fluid volume shall be calculated and posted near the operator's station. A mechanical, volumetric, or electronic device for measuring the amount of well-control fluid required to fill the hole shall be utilized.

§ 250.515 Blowout prevention equipment.

(a) The BOP system and system components and related well-control equipment shall be designed, used, maintained, and tested in a manner necessary to assure well control in foreseeable conditions and circumstances, including subfreezing conditions. The working pressure rating of the BOP system and BOP system components shall exceed the expected surface pressure to which they may be subjected. If the expected surface pressure exceeds

the rated working pressure of the annular preventer, the lessee shall submit with Form BSEE–0124 or Form BSEE–0123, as appropriate, a well-control procedure that indicates how the annular preventer will be utilized, and the pressure limitations that will be applied during each mode of pressure control.

(b) The minimum BOP system for well-completion operations must meet the appropriate standards from the following table:

When . . .	The minimum BOP stack must include . . .
(1) The expected pressure is less than 5,000 psi,	Three BOPs consisting of an annular, one set of pipe rams, and one set of blind-shear rams.
(2) The expected pressure is 5,000 psi or greater or you use multiple tubing strings,	Four BOPs consisting of an annular, two sets of pipe rams, and one set of blind-shear rams.
(3) You handle multiple tubing strings simultaneously,	Four BOPs consisting of an annular, one set of pipe rams, one set of dual pipe rams, and one set of blind-shear rams.
(4) You use a tapered drill string,	At least one set of pipe rams that are capable of sealing around each size of drill string. If the expected pressure is greater than 5,000 psi, then you must have at least two sets of pipe rams that are capable of sealing around the larger size drill string. You may substitute one set of variable bore rams for two sets of pipe rams.
(5) You use a subsea BOP stack,	The requirements in § 250.442(a) of this part.

(c) The BOP systems for well completions must be equipped with the following:

(1) A hydraulic-actuating system that provides sufficient accumulator capacity to supply 1.5 times the volume necessary to close all BOP equipment units with a minimum pressure of 200 psi above the precharge pressure without assistance from a charging system. Accumulator regulators supplied by rig air and without a secondary source of pneumatic supply, must be equipped with manual overrides, or alternately, other devices provided to ensure capability of hydraulic operations if rig air is lost.

(2) A secondary power source, independent from the primary power source, with sufficient capacity to close all BOP system components and hold them closed.

(3) Locking devices for the pipe-ram preventers.

(4) At least one remote BOP-control station and one BOP-control station on the rig floor.

(5) A choke line and a kill line each equipped with two full opening valves and a choke manifold. At least one of the valves on the choke line shall be remotely controlled. At least one of the valves on the kill line shall be remotely controlled, except that a check valve on the kill line in lieu of the remotely controlled valve may be installed provided that two readily accessible manual valves are in place and the check valve is placed between the manual valves and the pump. This equipment shall have a pressure rating at least equivalent to the ram preventers.

(d) An inside BOP or a spring-loaded, back-pressure safety valve and an essentially full-opening, work-string safety valve in the open position shall be maintained on the rig floor at all times during well-completion operations. A wrench to fit the work-string safety valve shall be readily available. Proper connections shall be readily available for inserting valves in the work string.

(e) The subsea BOP system for well-completions must meet the requirements in § 250.442 of this part.

§ 250.516 Blowout preventer system tests, inspections, and maintenance.

(a) *BOP pressure testing timeframes.* You must pressure test your BOP system:

(1) When installed; and

(2) Before 14 days have elapsed since your last BOP pressure test. You must begin to test your BOP system before 12 a.m. (midnight) on the 14th day following the conclusion of the previous test. However, the District Manager may require testing every 7 days if conditions or BOP performance warrant.

(b) *BOP test pressures.* When you test the BOP system, you must conduct a low pressure and a high pressure test

for each BOP component. Each individual pressure test must hold pressure long enough to demonstrate that the tested component(s) holds the required pressure. The District Manager may approve or require other test pressures or practices. Required test pressures are as follows:

(1) All low pressure tests must be between 200 and 300 psi. Any initial pressure above 300 psi must be bled back to a pressure between 200 and 300 psi before starting the test. If the initial pressure exceeds 500 psi, you must bleed back to zero and reinitiate the test. You must conduct the low pressure test before the high pressure test.

(2) For ram-type BOP's, choke manifold, and other BOP equipment, the high pressure test must equal the rated working pressure of the equipment.

(3) For annular-type BOP's, the high pressure test must equal 70 percent of the rated working pressure of the equipment.

(c) *Duration of pressure test.* Each test must hold the required pressure for 5 minutes.

(1) For surface BOP systems and surface equipment of a subsea BOP system, a 3-minute test duration is acceptable if you record your test pressures on the outermost half of a 4-hour chart, on a 1-hour chart, or on a digital recorder.

(2) If the equipment does not hold the required pressure during a test, you must remedy the problem and retest the affected component(s).

(d) Additional BOP testing requirements. You must:

(1) Use water to test the surface BOP system;

(2) Stump test a subsurface BOP system before installation. You must use water to stump test a subsea BOP system. You may use drilling or completion fluids to conduct subsequent tests of a subsea BOP system;

(3) Alternate tests between control stations and pods. If a control station or pod is not functional, you must suspend further completion operations until that station or pod is operable;

(4) Pressure test the blind or blind-shear ram at least every 30 days;

(5) Function test annulars and rams every 7 days;

(6) Pressure-test variable bore-pipe rams against all sizes of pipe in use, excluding drill collars and bottom-hole tools;

(7) Test affected BOP components following the disconnection or repair of any well-pressure containment seal in the wellhead or BOP stack assembly;

(8) Test all ROV intervention functions on your subsea BOP stack during the stump test. You must also test at least one set of rams during the initial test on the seafloor. You must submit test procedures with your APM for District Manager approval. You must:

(i) Ensure that the ROV hot stabs are function tested and are capable of actuating, at a minimum, one set of pipe rams and one set of blind-shear rams and unlatching the LMRP;

(ii) Document all your test results and make them available to BSEE upon request; and

(9) Function test autoshear and deadman systems on your subsea BOP stack during the stump test. You must also test the deadman system during the initial test on the seafloor.

(i) You must submit test procedures with your APM for District Manager approval.

(ii) You must document all your test results and make them available to BSEE upon request.

(e) *Postponing BOP tests.* You may postpone a BOP test if you have well-control problems. You must conduct the required BOP test as soon as possible (*i.e.*, first trip out of the hole) after the problem has been remedied. You must record the reason for postponing any test in the driller's report.

(f) *Weekly crew drills.* You must conduct a weekly drill to familiarize all personnel engaged in well-completion operations with appropriate safety measures.

(g) *BOP inspections.* (1) You must inspect your BOP system to ensure that the equipment functions properly. The BOP inspections must meet or exceed the provisions of Sections 17.10 and 18.10, Inspections, described in API RP 53, Recommended Practices for Blowout Prevention Equipment Systems for Drilling Wells (as incorporated by reference in § 250.198). You must document the procedures used, record the results, and make them available to BSEE

upon request. You must maintain your records on the rig for 2 years or from the date of your last major inspection, whichever is longer.

(2) You must visually inspect your BOP system and marine riser at least once each day if weather and sea conditions permit. You may use television cameras to inspect this equipment. The District Manager may approve alternate methods and frequencies to inspect a marine riser.

(h) *BOP maintenance*. You must maintain your BOP system to ensure that the equipment functions properly. The BOP maintenance must meet or exceed the provisions of Sections 17.11 and 18.11, Maintenance; and Sections 17.12 and 18.12, Quality Management, described in API RP 53, Recommended Practices for Blowout Prevention Equipment Systems for Drilling Wells (as incorporated by reference in § 250.198). You must document the procedures used, record the results, and make available to BSEE upon request. You must maintain your records on the rig for 2 years or from the date of your last major inspection, whichever is longer.

(i) *BOP test records*. You must record the time, date, and results of all pressure tests, actuations, crew drills, and inspections of the BOP system, system components, and marine riser in the driller's report. In addition, you must:

(1) Record BOP test pressures on pressure charts;

(2) Have your onsite representative certify (sign and date) BOP test charts and reports as correct;

(3) Document the sequential order of BOP and auxiliary equipment testing and the pressure and duration of each test. You may reference a BOP test plan if it is available at the facility;

(4) Identify the control station or pod used during the test;

(5) Identify any problems or irregularities observed during BOP system and equipment testing and record actions taken to remedy the problems or irregularities;

(6) Retain all records including pressure charts, driller's report, and referenced documents pertaining to BOP tests, actuations, and inspections at the facility for the duration of the completion activity; and

(7) After completion of the well, you must retain all the records listed in paragraph (i)(6) of this section for a period of 2 years at the facility, at the lessee's field office nearest the OCS facility, or at another location conveniently available to the District Manager.

(j) *Alternate methods*. The District Manager may require, or approve, more frequent testing, as well as different test pressures and inspection methods, or other practices.

§ 250.517 Tubing and wellhead equipment.

(a) No tubing string shall be placed in service or continue to be used unless such tubing string has the necessary strength and pressure integrity and is otherwise suitable for its intended use.

(b) In the event of prolonged operations such as milling, fishing, jarring, or washing over that could damage the casing, the casing shall be pressure-tested, calipered, or otherwise evaluated every 30 days and the results submitted to the District Manager.

(c) When the tree is installed, you must equip wells to monitor for casing pressure according to the following chart:

If you . . .	you must equip . . .	so you can monitor . . .
(1) fixed platform wells,	the wellhead,	all annuli (A, B, C, D, *etc.,* annuli).
(2) subsea wells,	the tubing head,	the production casing annulus (A annulus).
(3) hybrid* wells,	the surface wellhead,	all annuli at the surface (A and B riser annuli). If the production casing below the mudline and the production casing riser above the mudline are pressure isolated from each other, provisions must be made to monitor the production casing below the mudline for casing pressure.

*Characterized as a well drilled with a subsea wellhead and completed with a surface casing head, a surface tubing head, a surface tubing hanger, and a surface christmas tree.

(d) Wellhead, tree, and related equipment shall have a pressure rating greater than the shut-in tubing pressure and shall be designed, installed, used, maintained, and tested so as to achieve and maintain pressure control. New wells completed as flowing or gas-lift wells shall be equipped with a minimum of one master valve and one surface safety valve, installed above the master valve, in the vertical run of the tree.

(e) Subsurface safety equipment shall be installed, maintained, and tested in compliance with § 250.801 of this part.

CASING PRESSURE MANAGEMENT

§ 250.518 What are the requirements for casing pressure management?

Once you install your wellhead, you must meet the casing pressure management requirements of API RP 90 (as incorporated by reference in § 250.198) and the requirements of §§ 250.519 through 250.530. If there is a conflict between API RP 90 and the casing pressure requirements of this subpart, you must follow the requirements of this subpart.

§ 250.519 How often do I have to monitor for casing pressure?

You must monitor for casing pressure in your well according to the following table:

If you have . . .	you must monitor . . .	with a minimum one pressure data point recorded per . . .
(a) fixed platform wells,	monthly,	month for each casing.
(b) subsea wells,	continuously,	day for the production casing.
(c) hybrid wells,	continuously,	day for each riser and/or the production casing.
(d) wells operating under a casing pressure request on a manned fixed platform,	daily,	day for each casing.
(e) wells operating under a casing pressure request on an unmanned fixed platform,	weekly,	week for each casing.

§ 250.520 When do I have to perform a casing diagnostic test?

(a) You must perform a casing diagnostic test within 30 days after first observing or imposing casing pressure according to the following table:

If you have a . . .	you must perform a casing diagnostic test if . . .
(1) fixed platform well,	the casing pressure is greater than 100 psig.
(2) subsea well,	the measurable casing pressure is greater than the external hydrostatic pressure plus 100 psig measured at the subsea wellhead.
(3) hybrid well,	a riser or the production casing pressure is greater than 100 psig measured at the surface.

(b) You are exempt from performing a diagnostic pressure test for the production casing on a well operating under active gas lift.

§ 250.521 How do I manage the thermal effects caused by initial production on a newly completed or recompleted well?

A newly completed or recompleted well often has thermal casing pressure during initial startup. Bleeding casing pressure during the startup process is considered a normal and necessary operation to manage thermal casing pressure; therefore, you do not need to evaluate these operations as a casing diagnostic test. After 30 days of continuous production, the initial production startup operation is complete and you must perform casing diagnostic testing as required in §§ 250.520 and 250.522.

§ 250.522 When do I have to repeat casing diagnostic testing?

Casing diagnostic testing must be repeated according to the following table:

When . . .	you must repeat diagnostic testing . . .
(a) your casing pressure request approved term has expired,	immediately.
(b) your well, previously on gas lift, has been shut-in or returned to flowing status without gas lift for more than 180 days,	immediately on the production casing (A annulus). The production casing (A annulus) of wells on active gas lift are exempt from diagnostic testing.
(c) your casing pressure request becomes invalid,	within 30 days.
(d) a casing or riser has an increase in pressure greater than 200 psig over the previous casing diagnostic test,	within 30 days.
(e) after any corrective action has been taken to remediate undesirable casing pressure, either as a result of a casing pressure request denial or any other action,	within 30 days.
(f) your fixed platform well production casing (A annulus) has pressure exceeding 10 percent of its minimum internal yield pressure (MIYP), except for production casings on active gas lift,	once per year, not to exceed 12 months between tests.
(g) your fixed platform well's outer casing (B, C, D, *etc.,* annuli) has a pressure exceeding 20 percent of its MIYP,	once every 5 years, at a minimum.

§ 250.523 How long do I keep records of casing pressure and diagnostic tests?

Records of casing pressure and diagnostic tests must be kept at the field office nearest the well for a minimum of 2 years. The last casing diagnostic test for each casing or riser must be retained at the field office nearest the well until the well is abandoned.

§ 250.524 When am I required to take action from my casing diagnostic test?

You must take action if you have any of the following conditions:

(a) Any fixed platform well with a casing pressure exceeding its maximum allowable wellhead operating pressure (MAWOP);

(b) Any fixed platform well with a casing pressure that is greater than 100 psig and that cannot bleed to 0 psig through a ½-inch needle valve within 24 hours, or is not bled to 0 psig during a casing diagnostic test;

(c) Any well that has demonstrated tubing/casing, tubing/riser, casing/casing, riser/casing, or riser/riser communication;

(d) Any well that has sustained casing pressure (SCP) and is bled down to prevent it from exceeding its MAWOP, except during initial startup operations described in § 250.521;

(e) Any hybrid well with casing or riser pressure exceeding 100 psig; or

(f) Any subsea well with a casing pressure 100 psig greater than the external hydrostatic pressure at the subsea wellhead.

§ 250.525 What do I submit if my casing diagnostic test requires action?

Within 14 days after you perform a casing diagnostic test requiring action under § 250.524:

You must submit either . . .	to the appropriate . . .	and it must include . . .	You must also . . .
(a) a notification of corrective action; or,	District Manager and copy the Regional Supervisor, Field Operations,	requirements under § 250.526,	submit an Application for Permit to Modify or Corrective Action Plan within 30 days of the diagnostic test.
(b) a casing pressure request,	Regional Supervisor, Field Operations,	requirements under § 250.527.	

§ 250.526 What must I include in my notification of corrective action?

The following information must be included in the notification of corrective action:

(a) Lessee or Operator name;

(b) Area name and OCS block number;

(c) Well name and API number; and

(d) Casing diagnostic test data.

§ 250.527 What must I include in my casing pressure request?

The following information must be included in the casing pressure request:

(a) API number;

(b) Lease number;
(c) Area name and OCS block number;
(d) Well number;
(e) Company name and mailing address;
(f) All casing, riser, and tubing sizes, weights, grades, and MIYP;
(g) All casing/riser calculated MAWOPs;
(h) All casing/riser pre-bleed down pressures;
(i) Shut-in tubing pressure;
(j) Flowing tubing pressure;
(k) Date and the calculated daily production rate during last well test (oil, gas, basic sediment, and water);
(l) Well status (shut-in, temporarily abandoned, producing, injecting, or gas lift);
(m) Well type (dry tree, hybrid, or subsea);
(n) Date of diagnostic test;
(o) Well schematic;
(p) Water depth;
(q) Volumes and types of fluid bled from each casing or riser evaluated;
(r) Type of diagnostic test performed:
(1) Bleed down/buildup test;
(2) Shut-in the well and monitor the pressure drop test;
(3) Constant production rate and decrease the annular pressure test;
(4) Constant production rate and increase the annular pressure test;
(5) Change the production rate and monitor the casing pressure test; and
(6) Casing pressure and tubing pressure history plot;
(s) The casing diagnostic test data for all casing exceeding 100 psig;
(t) Associated shoe strengths for casing shoes exposed to annular fluids;
(u) Concentration of any H_2S that may be present;
(v) Whether the structure on which the well is located is manned or unmanned;
(w) Additional comments; and
(x) Request date.

§ 250.528 What are the terms of my casing pressure request?

Casing pressure requests are approved by the Regional Supervisor, Field Operations, for a term to be determined by the Regional Supervisor on a case-by-case basis. The Regional Supervisor may impose additional restrictions or requirements to allow continued operation of the well.

§ 250.529 What if my casing pressure request is denied?

(a) If your casing pressure request is denied, then the operating company must submit plans for corrective action to the respective District Manager within 30 days of receiving the denial. The District Manager will establish a specific time period in which this corrective action will be taken. You must notify the respective District Manager within 30 days after completion of your corrected action.

(b) You must submit the casing diagnostic test data to the appropriate Regional Supervisor, Field Operations, within 14 days of completion of the diagnostic test required under § 250.522(e).

§ 250.530 When does my casing pressure request approval become invalid?

A casing pressure request becomes invalid when:

(a) The casing or riser pressure increases by 200 psig over the approved casing pressure request pressure;

(b) The approved term ends;

(c) The well is worked-over, sidetracked, redrilled, recompleted, or acid stimulated;

(d) A different casing or riser on the same well requires a casing pressure request; or

(e) A well has more than one casing operating under a casing pressure request and one of the casing pressure requests become invalid, then all casing pressure requests for that well become invalid.

Subpart F—Oil and Gas Well-Workover Operations

§ 250.600 General requirements.

Well-workover operations shall be conducted in a manner to protect against harm or damage to life (including fish and other aquatic life), property, natural resources of the Outer Continental Shelf (OCS) including any mineral deposits (in areas leased and not leased), the National security or defense, or the marine, coastal, or human environment.

§ 250.601 Definitions.

When used in this subpart, the following terms shall have the meanings given below:

Expected surface pressure means the highest pressure predicted to be exerted upon the surface of a well. In calculating expected surface pressure, you must consider reservoir pressure as well as applied surface pressure.

Routine operations mean any of the following operations conducted on a well with the tree installed:

(a) Cutting paraffin;

(b) Removing and setting pump-through-type tubing plugs, gas-lift valves, and subsurface safety valves which can be removed by wireline operations;

(c) Bailing sand;

(d) Pressure surveys;

(e) Swabbing;

(f) Scale or corrosion treatment;

(g) Caliper and gauge surveys;

(h) Corrosion inhibitor treatment;

(i) Removing or replacing subsurface pumps;

(j) Through-tubing logging (diagnostics);

(k) Wireline fishing; and

(l) Setting and retrieving other subsurface flow-control devices.

Workover operations mean the work conducted on wells after the initial completion for the purpose of maintaining or restoring the productivity of a well.

§ 250.602 Equipment movement.

The movement of well-workover rigs and related equipment on and off a platform or from well to well on the same platform, including rigging up and rigging down, shall be conducted in a safe manner. All wells in the same well-bay which are capable of producing hydrocarbons shall be shut in below the surface with a pump-through-type tubing plug and at the surface with a closed master valve prior to moving well-workover rigs and related equipment unless otherwise approved by the District Manager. A closed surface-controlled subsurface safety valve of the pump-through-type may be used in lieu of the pump-through-type tubing plug provided that the surface control has been locked out of operation. The well to which a well-workover rig or related equipment is to be moved shall also be equipped with a back-pressure valve prior to removing the tree and installing and testing the blowout-preventer (BOP) system. The well from which a well-workover rig or related equipment is to be moved shall also be equipped with a back pressure valve prior to removing the BOP system and installing the tree. Coiled tubing units, snubbing units, or wireline units may be moved onto a platform without shutting in wells.

§ 250.603 Emergency shutdown system.

When well-workover operations are conducted on a well with the tree removed, an emergency shutdown system (ESD) manually controlled station shall be installed near the driller's console or well-servicing unit operator's work station, except when there is no other hydrocarbon-producing well or other hydrocarbon flow on the platform.

§ 250.604 Hydrogen sulfide.

When a well-workover operation is conducted in zones known to contain hydrogen sulfide (H_2S) or in zones where the presence of H_2S is unknown (as defined in § 250.490 of this part), the lessee shall take appropriate precautions to protect life and property on the platform or rig, including but not limited to operations such as blowing the well down, dismantling wellhead equipment and flow lines, circulating the well, swabbing, and pulling tubing, pumps and packers. The lessee shall comply with the requirements in § 250.490 of this part as well as the appropriate requirements of this subpart.

§ 250.605 Subsea workovers.

No subsea well-workover operation including routine operations shall be commenced until the lessee obtains written approval from the District Manager in accordance with § 250.613 of this part. That approval shall be based upon a case-by-case determination that the proposed equipment and procedures will maintain adequate control of the well and permit continued safe production operations.

§ 250.606 Crew instructions.

Prior to engaging in well-workover operations, crew members shall be instructed in the safety requirements of the operations to be performed, possible hazards to be encountered, and general safety considerations to protect personnel, equipment, and the environment. Date and time of safety meetings shall be recorded and available at the facility for review by a BSEE representative.

§§ 250.607–250.608 [Reserved]

§ 250.609 Well-workover structures on fixed platforms.

Derricks, masts, substructures, and related equipment shall be selected, designed, installed, used, and maintained so as to be adequate for the potential loads and conditions of loading that may be encountered during the operations proposed. Prior to moving a well-workover rig or well-servicing equipment onto a platform, the lessee shall determine the structural capability of the platform to safely support the equipment and proposed operations, taking into consideration the corrosion protection, age of the platform, and previous stresses to the platform.

§ 250.610 Diesel engine air intakes.

No later than May 31, 1989, diesel engine air intakes shall be equipped with a device to shut down the diesel engine in the event of runaway. Diesel engines which are continuously attended shall be equipped with either remote operated manual or automatic shutdown devices. Diesel engines which are not continuously attended shall be equipped with automatic shutdown devices.

§ 250.611 Traveling-block safety device.

After May 31, 1989, all units being used for well-workover operations which have both a traveling block and a crown block shall be equipped with a safety device which is designed to prevent the traveling block from striking the crown block. The device shall be checked for proper operation weekly and after each drill-line slipping operation. The results of the operational check shall be entered in the operations log.

§ 250.612 Field well-workover rules.

When geological and engineering information available in a field enables the District Manager to determine specific operating requirements, field well-workover rules may be established on the District Manager's initiative or in response to a request from a lessee. Such rules may modify the specific requirements of this subpart. After field well-workover rules have been established, well-workover operations in the field shall be conducted in accordance with such rules and other requirements of this subpart. Field well-workover rules may be amended or canceled for cause at any time upon the initiative of the District Manager or upon the request of a lessee.

§ 250.613 Approval and reporting for well-workover operations.

(a) No well-workover operation except routine ones, as defined in § 250.601 of this part, shall begin until the lessee receives written approval from the District Manager. Approval for these operations must be requested on Form BSEE–0124, Application for Permit to Modify.

(b) You must submit the following with Form BSEE–0124:

(1) A brief description of the well-workover procedures to be followed, a statement of the expected surface pressure, and type and weight of workover fluids;

(2) When changes in existing subsurface equipment are proposed, a schematic drawing of the well showing the zone proposed for workover and the workover equipment to be used;

(3) Where the well-workover is in a zone known to contain H_2S or a zone where the presence of H2S is unknown, information pursuant to § 250.490 of this part; and

(4) Payment of the service fee listed in § 250.125.

(c) The following additional information shall be submitted with Form BSEE–0124 if completing to a new zone is proposed:

(1) Reason for abandonment of present producing zone including supportive well test data, and

(2) A statement of anticipated or known pressure data for the new zone.

(d) Within 30 days after completing the well-workover operation, except routine operations, Form BSEE–0124, Application for Permit to Modify, shall be submitted to the District Manager, showing the work as performed. In the case of a well-workover operation resulting in the initial recompletion of a well into a new zone, a Form BSEE–0125, End of Operations Report, shall be submitted to the District Manager and shall include a new schematic of the tubing subsurface equipment if any subsurface equipment has been changed.

§ 250.614 Well-control fluids, equipment, and operations.

The following requirements apply during all well-workover operations with the tree removed:

(a) Well-control fluids, equipment, and operations shall be designed, utilized, maintained, and/or tested as necessary to control the well in foreseeable conditions and circumstances, including subfreezing conditions. The well shall be continuously monitored during well-workover operations and shall not be left unattended at anytime unless the well is shut in and secured.

(b) When coming out of the hole with drill pipe or a workover string, the annulus shall be filled with well-control fluid before the change in such fluid level decreases the hydrostatic pressure 75 pounds per square inch (psi) or every five stands of drill pipe or workover string, whichever gives a lower decrease in hydrostatic pressure. The number of stands of drill pipe or workover string and drill collars that may be pulled prior to filling the hole and the equivalent well-control fluid volume shall be calculated and posted near the operator's station. A mechanical, volumetric, or electronic device for measuring the amount of well-control fluid required to fill the hold shall be utilized.

(c) The following well-control-fluid equipment shall be installed, maintained, and utilized:

(1) A fill-up line above the uppermost BOP;

(2) A well-control, fluid-volume measuring device for determining fluid volumes when filling the hole on trips; and

(3) A recording mud-pit-level indicator to determine mud-pit-volume gains and losses. This indicator shall include both a visual and an audible warning device.

§ 250.615 Blowout prevention equipment.

(a) The BOP system, system components and related well-control equipment shall be designed, used, maintained, and tested in a manner necessary to assure well control in foreseeable conditions and circumstances, including subfreezing conditions. The working pressure rating of the BOP system and system components shall exceed the expected surface pressure to which they may be subjected. If the expected surface pressure exceeds the rated working pressure of the annular preventer, the lessee shall submit with Form BSEE–0124, requesting approval of the well-workover operation, a well-control procedure that indicates how the annular preventer will be utilized, and the pressure limitations that will be applied during each mode of pressure control.

(b) The minimum BOP system for well-workover operations with the tree removed must meet the appropriate standards from the following table:

When . . .	The minimum BOP stack must include . . .
(1) The expected pressure is less than 5,000 psi,	Three BOPs consisting of an annular, one set of pipe rams, and one set of blind-shear rams.
(2) The expected pressure is 5,000 psi or greater or you use multiple tubing strings,	Four BOPs consisting of an annular, two sets of pipe rams, and one set of blind-shear rams.
(3) You handle multiple tubing strings simultaneously,	Four BOPs consisting of an annular, one set of pipe rams, one set of dual pipe rams, and one set of blind-shear rams.
(4) You use a tapered drill string,	At least one set of pipe rams that are capable of sealing around each size of drill string. If the expected pressure is greater than 5,000 psi, then you must have at least two sets of pipe rams that are capable of sealing around the larger size drill string. You may substitute one set of variable bore rams for two sets of pipe rams.

When . . .	The minimum BOP stack must include . . .
(5) You use a subsea BOP stack,	The requirements in § 250.442(a) of this part.

(c) The BOP systems for well-workover operations with the tree removed must be equipped with the following:

(1) A hydraulic-actuating system that provides sufficient accumulator capacity to supply 1.5 times the volume necessary to close all BOP equipment units with a minimum pressure of 200 psi above the precharge pressure without assistance from a charging system. Accumulator regulators supplied by rig air and without a secondary source of pneumatic supply, must be equipped with manual overrides, or alternately, other devices provided to ensure capability of hydraulic operations if rig air is lost;

(2) A secondary power source, independent from the primary power source, with sufficient capacity to close all BOP system components and hold them closed;

(3) Locking devices for the pipe-ram preventers;

(4) At least one remote BOP-control station and one BOP-control station on the rig floor; and

(5) A choke line and a kill line each equipped with two full opening valves and a choke manifold. At least one of the valves on the choke-line shall be remotely controlled. At least one of the valves on the kill line shall be remotely controlled, except that a check valve on the kill line in lieu of the remotely controlled valve may be installed provided two readily accessible manual valves are in place and the check valve is placed between the manual valves and the pump. This equipment shall have a pressure rating at least equivalent to the ram preventers.

(d) The minimum BOP-system components for well-workover operations with the tree in place and performed through the wellhead inside of conventional tubing using small-diameter jointed pipe (usually ¾ inch to 1¼ inch) as a work string, *i.e.*, small-tubing operations, shall include the following:

(1) Two sets of pipe rams, and

(2) One set of blind rams.

(e) The subsea BOP system for well-workover operations must meet the requirements in § 250.442 of this part.

(f) For coiled tubing operations with the production tree in place, you must meet the following minimum requirements for the BOP system:

(1) BOP system components must be in the following order from the top down:

BOP system when expected surface pressures are less than or equal to 3,500 psi	BOP system when expected surface pressures are greater than 3,500 psi	BOP system for wells with returns taken through an outlet on the BOP stack
Stripper or annular-type well control component.	Stripper or annular-type well control component.	Stripper or annular-type well control component.
Hydraulically-operated blind rams	Hydraulically-operated blind rams	Hydraulically-operated blind rams
Hydraulically-operated shear rams	Hydraulically-operated shear rams	Hydraulically-operated shear rams.
Kill line inlet	Kill line inlet	Kill line inlet.
Hydraulically-operated two-way slip rams	Hydraulically-operated two-way slip rams	Hydraulically-operated two-way slip rams.
		Hydraulically-operated pipe rams.
Hydraulically-operated pipe rams	Hydraulically-operated pipe rams	A flow tee or cross.
	Hydraulically-operated blind-shear rams. These rams should be located as close to the tree as practical.	Hydraulically-operated pipe rams.
		Hydraulically-operated blind-shear rams on wells with surface pressures > 3,500 psi. As an option, the pipe rams can be placed below the blind-shear rams. The blind-shear rams should be located as close to the tree as practical.

(2) You may use a set of hydraulically-operated combination rams for the blind rams and shear rams.

(3) You may use a set of hydraulically-operated combination rams for the hydraulic two-way slip rams and the hydraulically-operated pipe rams.

(4) You must attach a dual check valve assembly to the coiled tubing connector at the downhole end of the coiled tubing string for all coiled tubing well-workover operations. If you plan to conduct operations without downhole check valves, you must describe alternate procedures and equipment in Form BSEE–0124, Application for Permit to Modify and have it approved by the District Manager.

(5) You must have a kill line and a separate choke line. You must equip each line with two full-opening valves and at least one of the valves must be remotely controlled. You may use a manual valve instead of the remotely controlled valve on the kill line if you install a check valve between the two full-opening manual valves and the pump or manifold. The valves must have a working pressure rating equal to or greater than the working pressure rating of the connection to which they are attached, and you must install them between the well control stack and the choke or kill line. For operations with expected surface pressures greater than 3,500 psi, the kill line must be connected to a pump or manifold. You must not use the kill line inlet on the BOP stack for taking fluid returns from the wellbore.

(6) You must have a hydraulic-actuating system that provides sufficient accumulator capacity to close-open-close each component in the BOP stack. This cycle must be completed with at least 200 psi above the precharge pressure, without assistance from a charging system.

(7) All connections used in the surface BOP system from the tree to the uppermost required ram must be flanged, including the connections between the well control stack and the first full-opening valve on the choke line and the kill line.

(g) The minimum BOP-system components for well-workover operations with the tree in place and performed by moving tubing or drill pipe in or out of a well under pressure utilizing equipment specifically designed for that purpose, *i.e.*, snubbing operations, shall include the following:

(1) One set of pipe rams hydraulically operated, and

(2) Two sets of stripper-type pipe rams hydraulically operated with spacer spool.

(h) An inside BOP or a spring-loaded, back-pressure safety valve and an essentially full-opening, work-string safety valve in the open position shall be maintained on the rig floor at all times during well-workover operations when the tree is removed or during well-workover operations with the tree installed and using small tubing as the work string. A wrench to fit the work-string safety valve shall be readily available. Proper connections shall be readily available for inserting valves in the work string. The full-opening safety valve is not required for coiled tubing or snubbing operations.

§ 250.616 Blowout preventer system testing, records, and drills.

(a) *BOP pressure tests.* When you pressure test the BOP system you must conduct a low-pressure test and a high-pressure test for each component. You must conduct the low-pressure test before the high-pressure test. For purposes of this section, BOP system components include ram-type BOP's, related control equipment, choke and kill lines, and valves, manifolds, strippers, and safety valves. Surface BOP systems must be pressure tested with water.

(1) *Low pressure tests.* All BOP system components must be successfully tested to a low pressure between 200 and 300 psi. Any initial pressure equal to or greater than 300 psi must be bled back to a pressure between 200 and 300 psi before starting the test. If the initial pressure exceeds 500 psi, you must bleed back to zero before starting the test.

(2) *High pressure tests.* All BOP system components must be successfully tested to the rated working pressure of the BOP equipment, or as otherwise approved by the District Manager. The annular-type BOP must be successfully

tested at 70 percent of its rated working pressure or as otherwise approved by the District Manager.

(3) *Other testing requirements.* Variable bore pipe rams must be pressure tested against the largest and smallest sizes of tubulars in use (jointed pipe, seamless pipe) in the well.

(b) Times. The BOP systems shall be tested at the following times:

(1) When installed;

(2) At least every 7 days, alternating between control stations and at staggered intervals to allow each crew to operate the equipment. If either control system is not functional, further operations shall be suspended until the nonfunctional, system is operable. The test every 7 days is not required for blind or blind-shear rams. The blind or blind-shear rams shall be tested at least once every 30 days during operation. A longer period between blowout preventer tests is allowed when there is a stuck pipe or pressure-control operation and remedial efforts are being performed. The tests shall be conducted as soon as possible and before normal operations resume. The reason for postponing testing shall be entered into the operations log.

(3) Following repairs that require disconnecting a pressure seal in the assembly, the affected seal will be pressure tested.

(c) *Drills.* All personnel engaged in well-workover operations shall participate in a weekly BOP drill to familiarize crew members with appropriate safety measures.

(d) *Stump tests.* You may conduct a stump test for the BOP system on location. A plan describing the stump test procedures must be included in your Form BSEE–0124, Application for Permit to Modify, and must be approved by the District Manager.

(e) *Coiled tubing tests.* You must test the coiled tubing connector to a low pressure of 200 to 300 psi, followed by a high pressure test to the rated working pressure of the connector or the expected surface pressure, whichever is less. You must successfully pressure test the dual check valves to the rated working pressure of the connector, the rated working pressure of the dual check valve, expected surface pressure, or the collapse pressure of the coiled tubing, whichever is less.

(f) *Recordings.* You must record test pressures during BOP and coiled tubing tests on a pressure chart, or with a digital recorder, unless otherwise approved by the District Manager. The test interval for each BOP system component must be 5 minutes, except for coiled tubing operations, which must include a 10 minute high-pressure test for the coiled tubing string. Your representative at the facility must certify that the charts are correct.

(g) *Operations log.* The time, date, and results of all pressure tests, actuations, inspections, and crew drills of the BOP system, system components, and marine risers shall be recorded in the operations log. The BOP tests shall be documented in accordance with the following:

(1) The documentation shall indicate the sequential order of BOP and auxiliary equipment testing and the pressure and duration of each test. As an alternate, the documentation in the operations log may reference a BOP test plan that contains the required information and is retained on file at the facility.

(2) The control station used during the test shall be identified in the operations log. For a subsea system, the pod used during the test shall be identified in the operations log.

(3) Any problems or irregularities observed during BOP and auxiliary equipment testing and any actions taken to remedy such problems or irregularities shall be noted in the operations log.

(4) Documentation required to be entered in the operation log may instead be referenced in the operations log. All records including pressure charts, operations log, and referenced documents pertaining to BOP tests, actuations, and inspections, shall be available for BSEE review at the facility for the duration of well-workover activity. Following completion of the well-workover activity, all such records shall be retained for a period of 2 years at the facility, at the lessee's filed office nearest the OCS facility, or at another location conveniently available to the District Manager.

(h) *Subsea BOPs*. Stump test a subsea BOP system before installation. You must:

(1) Test all ROV intervention functions on your subsea BOP stack during the stump test. You must also test at least one set of rams during the initial test on the seafloor. You must submit test procedures with your APM for District Manager approval. You must:

(i) Ensure that the ROV hot stabs are function tested and are capable of actuating, at a minimum, one set of pipe rams and one set of blind-shear rams and unlatching the LMRP;

(ii) Document all your test results and make them available to BSEE upon request; and

(2) Function test autoshear and deadman systems on your subsea BOP stack during the stump test. You must also test the deadman system during the initial test on the seafloor. You must:

(i) Submit test procedures with your APM for District Manager approval.

(ii) Document the results of each test and make them available to BSEE upon request.

(3) Use water to stump test a subsea BOP system. You may use drilling or completion fluids to conduct subsequent tests of a subsea BOP system.

§ 250.617 What are my BOP inspection and maintenance requirements?

(a) *BOP inspections*. (1) You must inspect your BOP system to ensure that the equipment functions properly. The BOP inspections must meet or exceed the provisions of Sections 17.10 and 18.10, Inspections, described in API RP 53, Recommended Practices for Blowout Prevention Equipment Systems for Drilling Wells (as incorporated by reference in § 250.198). You must document the procedures used, record the results, and make them available to BSEE upon request. You must maintain your records on the rig for 2 years or from the date of your last major inspection, whichever is longer.

(2) You must visually inspect your BOP system and marine riser at least once each day if weather and sea conditions permit. You may use television cameras to inspect this equipment. The District Manager may approve alternate methods and frequencies to inspect a marine riser.

(b) *BOP maintenance*. You must maintain your BOP system to ensure that the equipment functions properly. The BOP maintenance must meet or exceed the provisions of Sections 17.11 and 18.11, Maintenance; and Sections 17.12 and 18.12, Quality Management, described in API RP 53, Recommended Practices for Blowout Prevention Equipment Systems for Drilling Wells (as incorporated by reference in § 250.198). You must document the procedures used, record the results, and make them available to BSEE upon request. You must maintain your records on the rig for 2 years or from the date of your last major inspection, whichever is longer.

§ 250.618 Tubing and wellhead equipment.

The lessee shall comply with the following requirements during well-workover operations with the tree removed:

(a) No tubing string shall be placed in service or continue to be used unless such tubing string has the necessary strength and pressure integrity and is otherwise suitable for its intended use.

(b) In the event of prolonged operations such as milling, fishing, jarring, or washing over that could damage the casing, the casing shall be pressure tested, calipered, or otherwise evaluated every 30 days and the results submitted to the District Manager.

(c) When reinstalling the tree, you must:

(1) Equip wells to monitor for casing pressure according to the following chart:

If you have . . .	you must equip . . .	so you can monitor . . .
(i) fixed platform wells,	the wellhead,	all annuli (A, B, C, D, *etc.,* annuli).
(ii) subsea wells,	the tubing head,	the production casing annulus (A annulus).

If you have . . .	you must equip . . .	so you can monitor . . .
(iii) hybrid* wells,	the surface wellhead,	all annuli at the surface (A and B riser annuli). If the production casing below the mudline and the production casing riser above the mudline are pressure isolated from each other, provisions must be made to monitor the production casing below the mudline for casing pressure.

*Characterized as a well drilled with a subsea wellhead and completed with a surface casing head, a surface tubing head, a surface tubing hanger, and a surface christmas tree.

(2) Follow the casing pressure management requirements in subpart E of this part.

(d) Wellhead, tree, and related equipment shall have a pressure rating greater than the shut-in tubing pressure and shall be designed, installed, used, maintained, and tested so as to achieve and maintain pressure control. The tree shall be equipped with a minimum of one master valve and one surface safety valve in the vertical run of the tree when it is reinstalled.

(e) Subsurface safety equipment shall be installed, maintained, and tested in compliance with § 250.801 of this part.

§ 250.619 Wireline operations.

The lessee shall comply with the following requirements during routine, as defined in § 250.601 of this part, and nonroutine wireline workover operations:

(a) Wireline operations shall be conducted so as to minimize leakage of well fluids. Any leakage that does occur shall be contained to prevent pollution.

(b) All wireline perforating operations and all other wireline operations where communication exists between the completed hydrocarbon-bearing zone(s) and the wellbore shall use a lubricator assembly containing at least one wireline valve.

(c) When the lubricator is initially installed on the well, it shall be successfully pressure tested to the expected shut-in surface pressure.

Subpart G [Reserved]

Subpart H—Oil and Gas Production Safety Systems

§ 250.800 General requirements.

(a) Production safety equipment shall be designed, installed, used, maintained, and tested in a manner to assure the safety and protection of the human, marine, and coastal environments. Production safety systems operated in subfreezing climates shall utilize equipment and procedures selected with consideration of floating ice, icing, and other extreme environmental conditions that may occur in the area. Production shall not commence until the production safety system has been approved and a preproduction inspection has been requested by the lessee.

(b) For all new floating production systems (FPSs) (e.g., column-stabilized-units (CSUs); floating production, storage and offloading facilities (FPSOs); tension-leg platforms (TLPs); spars, *etc.*), you must do all of the following:

(1) Comply with API RP 14J (as incorporated by reference in 30 CFR 250.198);

(2) Meet the drilling and production riser standards of API RP 2RD (as incorporated by reference in 30 CFR 250.198);

(3) Design all stationkeeping systems for floating facilities to meet the standards of API RP 2SK (as incorporated by reference in 30 CFR 250.198), as well as relevant U.S. Coast Guard regulations; and

(4) Design stationkeeping systems for floating facilities to meet structural requirements in subpart I, §§ 250.900 through 250.921 of this part.

§ 250.801 Subsurface safety devices.

(a) *General*. All tubing installations open to hydrocarbon-bearing zones shall be equipped with subsurface safety devices that will shut off the flow from the well in the event of an emergency unless, after application and justification, the well is determined by the District Manager to be incapable of natural flowing. These devices may

consist of a surface-controlled subsurface safety valve (SSSV), a subsurface-controlled SSSV, an injection valve, a tubing plug, or a tubing/annular subsurface safety device, and any associated safety valve lock or landing nipple.

(b) *Specifications for SSSVs.* Surface-controlled and subsurface-controlled SSSVs and safety valve locks and landing nipples installed in the OCS shall conform to the requirements in § 250.806 of this part.

(c) *Surface-controlled SSSVs.* All tubing installations open to a hydrocarbon-bearing zone which is capable of natural flow shall be equipped with a surface-controlled SSSV, except as specified in paragraphs (d), (f), and (g) of this section. The surface controls may be located on the site or a remote location. Wells not previously equipped with a surface-controlled SSSV and wells in which a surface-controlled SSSV has been replaced with a subsurface-controlled SSSV in accordance with paragraph (d)(2) of this section shall be equipped with a surface-controlled SSSV when the tubing is first removed and reinstalled.

(d) *Subsurface-controlled SSSVs.* Wells may be equipped with subsurface-controlled SSSVs in lieu of a surface-controlled SSSV provided the lessee demonstrates to the District Manager's satisfaction that one of the following criteria are met:

(1) Wells not previously equipped with surface-controlled SSSVs shall be so equipped when the tubing is first removed and reinstalled,

(2) The subsurface-controlled SSSV is installed in wells completed from a single-well or multiwell satellite caisson or seafloor completions, or

(3) The subsurface-controlled SSSV is installed in wells with a surface-controlled SSSV that has become inoperable and cannot be repaired without removal and reinstallation of the tubing.

(e) *Design, installation, and operation of SSSVs.* The SSSVs shall be designed, installed, operated, and maintained to ensure reliable operation.

(1) The device shall be installed at a depth of 100 feet or more below the seafloor within 2 days after production is established. When warranted by conditions such as permafrost, unstable bottom conditions, hydrate formation, or paraffins, an alternate setting depth of the subsurface safety device may be approved by the District Manager.

(2) Until a subsurface safety device is installed, the well shall be attended in the immediate vicinity so that emergency actions may be taken while the well is open to flow. During testing and inspection procedures, the well shall not be left unattended while open to production unless a properly operating subsurface-safety device has been installed in the well.

(3) The well shall not be open to flow while the subsurface safety device is removed, except when flowing of the well is necessary for a particular operation such as cutting paraffin, bailing sand, or similar operations.

(4) All SSSVs must be inspected, installed, maintained, and tested in accordance with American Petroleum Institute Recommended Practice 14B, Recommended Practice for Design, Installation, Repair, and Operation of Subsurface Safety Valve Systems (as specified in § 250.198).

(f) *Subsurface safety devices in shut-in wells.* (1) New completions (perforated but not placed on production) and completions shut in for a period of 6 months shall be equipped with either—

(i) A pump-through-type tubing plug;

(ii) A surface-controlled SSSV, provided the surface control has been rendered inoperative; or

(iii) An injection valve capable of preventing backflow.

(2) The setting depth of the subsurface safety device shall be approved by the District Manager on a case-by-case basis, when warranted by conditions such as permafrost, unstable bottom conditions, hydrate formations, and paraffins.

(g) *Subsurface safety devices in injection wells.* A surface-controlled SSSV or an injection valve capable of preventing backflow shall be installed in all injection wells. This requirement is not applicable if the District Manager concurs that the well is incapable of flowing. The lessee shall verify the no-flow condition of the well annually.

(h) *Temporary removal for routine operations.* (1) Each wireline- or pumpdown-retrievable subsurface safety device

may be removed, without further authorization or notice, for a routine operation which does not require the approval of a Form BSEE–0124, Application for Permit to Modify, in § 250.601 of this part for a period not to exceed 15 days.

(2) The well shall be identified by a sign on the wellhead stating that the subsurface safety device has been removed. The removal of the subsurface safety device shall be noted in the records as required in § 250.804(b) of this part. If the master valve is open, a trained person shall be in the immediate vicinity of the well to attend the well so that emergency actions may be taken, if necessary.

(3) A platform well shall be monitored, but a person need not remain in the well-bay area continuously if the master valve is closed. If the well is on a satellite structure, it must be attended or a pump-through plug installed in the tubing at least 100 feet below the mud line and the master valve closed, unless otherwise approved by the District Manager.

(4) The well shall not be allowed to flow while the subsurface safety device is removed, except when flowing the well is necessary for that particular operation. The provisions of this paragraph are not applicable to the testing and inspection procedures in § 250.804 of this part.

(i) *Additional safety equipment.* All tubing installations in which a wireline- or pumpdown-retrievable subsurface safety device is installed after the effective date of this subpart shall be equipped with a landing nipple with flow couplings or other protective equipment above and below to provide for the setting of the SSSV. The control system for all surface-controlled SSSVs shall be an integral part of the platform Emergency Shutdown System (ESD). In addition to the activation of the ESD by manual action on the platform, the system may be activated by a signal from a remote location. Surface-controlled SSSVs shall close in response to shut-in signals from the ESD and in response to the fire loop or other fire detection devices.

(j) *Emergency action.* In the event of an emergency, such as an impending storm, any well not equipped with a subsurface safety device and which is capable of natural flow shall have the device properly installed as soon as possible with due consideration being given to personnel safety.

§ 250.802 Design, installation, and operation of surface production-safety systems.

(a) *General.* All production facilities, including separators, treaters, compressors, headers, and flowlines shall be designed, installed, and maintained in a manner which provides for efficiency, safety of operation, and protection of the environment.

(b) *Platforms.* You must protect all platform production facilities with a basic and ancillary surface safety system designed, analyzed, installed, tested, and maintained in operating condition in accordance with API RP 14C (as incorporated by reference in § 250.198). If you use processing components other than those for which Safety Analysis Checklists are included in API RP 14C you must utilize the analysis technique and documentation specified therein to determine the effects and requirements of these components on the safety system. Safety device requirements for pipelines are under § 250.1004.

(c) *Specification for surface safety valves (SSV) and underwater safety valves (USV).* All wellhead SSVs, USVs, and their actuators which are installed in the OCS shall conform to the requirements in § 250.806 of this part.

(d) *Use of SSVs and USV's.* All SSVs and USVs must be inspected, installed, maintained, and tested in accordance with API RP 14H, Recommended Practice for Installation, Maintenance, and Repair of Surface Safety Valves and Underwater Safety Valves Offshore (as incorporated by reference in § 250.198). If any SSV or USV does not operate properly or if any fluid flow is observed during the leakage test, the valve shall be repaired or replaced.

(e) *Approval of safety-systems design and installation features.* Prior to installation, the lessee shall submit, in duplicate for approval to the District Manager a production safety system application containing information relative to design and installation features. Information concerning approved design and installation features

shall be maintained by the lessee at the lessee's offshore field office nearest the OCS facility or other location conveniently available to the District Manager. All approvals are subject to field verifications. The application shall include the following:

(1) A schematic flow diagram showing tubing pressure, size, capacity, design working pressure of separators, flare scrubbers, treaters, storage tanks, compressors, pipeline pumps, metering devices, and other hydrocarbon-handling vessels.

(2) A schematic piping flow diagram (API RP 14C, Figure E, as incorporated by reference in § 250.198) and the related Safety analysis Function Evaluation chart (API RP 14C, subsection 4.3c, as incorporated by reference in § 250.198).

(3) A schematic piping diagram showing the size and maximum allowable working pressures as determined in accordance with API RP 14E, Design and Installation of Offshore Production Platform Piping Systems (as incorporated by reference in § 250.198).

(4) Electrical system information including the following:

(i) A plan for each platform deck outlining all hazardous areas classified according to API RP 500, Recommended Practice for Classification of Locations for Electrical Installations at Petroleum Facilities Classified as Class I, Division 1 and Division 2, or API RP 505, Recommended Practice for Classification of Locations for Electrical Installations at Petroleum Facilities Classified as Class I, Zone 0, Zone 1, and Zone 2 (as incorporated by reference in § 250.198), and outlining areas in which potential ignition sources, other than electrical, are to be installed. The area outlined will include the following information:

(A) All major production equipment, wells, and other significant hydrocarbon sources and a description of the type of decking, ceiling, walls (e.g., grating or solid) and firewalls; and

(B) Location of generators, control rooms, panel boards, major cabling/conduit routes, and identification of the primary wiring method (e.g., type cable, conduit, or wire).

(ii) Elementary electrical schematic of any platform safety shut-down system with a functional legend.

(5) Certification that the design for the mechanical and electrical systems to be installed were approved by registered professional engineers. After these systems are installed, the lessee shall submit a statement to the District Manager certifying that new installations conform to the approved designs of this subpart.

(6) The design and schematics of the installation and maintenance of all fire- and gas-detection systems shall include the following:

(i) Type, location, and number of detection sensors;

(ii) Type and kind of alarms, including emergency equipment to be activated;

(iii) Method used for detection;

(iv) Method and frequency of calibration; and

(v) A functional block diagram of the detection system, including the electric power supply.

(7) The service fee listed in § 250.125. The fee you must pay will be determined by the number of components involved in the review and approval process.

§ 250.803 Additional production system requirements.

(a) For all production platforms, you must comply with the following production safety system requirements, in addition to the requirements of § 250.802 of this subpart and the requirements of API RP 14C (as incorporated by reference in § 250.198).

(b) *Design, installation, and operation of additional production systems*—(1) Pressure and fired vessels. Pressure and fired vessels must be designed, fabricated, and code stamped in accordance with the applicable provisions of Sections I, IV, and VIII of the American Society of Mechanical Engineers (ASME) Boiler and Pressure Vessel Code. Pressure and fired vessels must have maintenance inspection, rating, repair, and alteration performed in accordance with the applicable provisions of API Pressure Vessel Inspections Code: In-Service Inspection, Rating, Repair, and Alteration, API 510 (except Sections 5.8 and 9.5) (as incorporated by reference in § 250.198).

(i) Pressure relief valves shall be designed, installed, and maintained in accordance with applicable provisions of sections I, IV, and VIII of the ASME Boiler and Pressure Vessel Code. The relief valves shall conform to the valve-sizing and pressure-relieving requirements specified in these documents; however, the relief valves, except completely redundant relief valves, shall be set no higher than the maximum-allowable working pressure of the vessel. All relief valves and vents shall be piped in such a way as to prevent fluid from striking personnel or ignition sources.

(ii) Steam generators operating at less than 15 pounds per square inch gauge (psig) shall be equipped with a level safety low (LSL) sensor which will shut off the fuel supply when the water level drops below the minimum safe level. Steam generators operating at greater than 15 psig require, in addition to an LSL, a water-feeding device which will automatically control the water level.

(iii) The lessee shall use pressure recorders to establish the new operating pressure ranges of pressure vessels at any time when there is a change in operating pressures that requires new settings for the high-pressure shut-in sensor and/or the low-pressure shut-in sensor as provided herein. The pressure-recorder charts used to determine current operating pressure ranges shall be maintained at the lessee's field office nearest the OCS facility or at other locations conveniently available to the District Manager. The high-pressure shut-in sensor shall be set no higher than 15 percent or 5 psi, whichever is greater, above the highest operating pressure of the vessel. This setting shall also be set sufficiently below (5 percent or 5 psi, whichever is greater) the relief valve's set pressure to assure that the pressure source is shut in before the relief valve activates. The low-pressure shut-in sensor shall activate no lower than 15 percent or 5 psi, whichever is greater, below the lowest pressure in the operating range. The activation of low-pressure sensors on pressure vessels which operate at less than 5 psi shall be approved by the District Manager on a case-by-case basis.

(2) *Flowlines.* (i) You must equip flowlines from wells with high- and low-pressure shut-in sensors located in accordance with section A.1 and Figure A1 of API RP 14C (as incorporated by reference in § 250.198). The lessee shall use pressure recorders to establish the new operating pressure ranges of flowlines at any time when there is a significant change in operating pressures. The most recent pressure-recorder charts used to determine operating pressure ranges shall be maintained at the lessee's field office nearest the OCS facility or at other locations conveniently available to the District Manager. The high-pressure shut-in sensor(s) shall be set no higher than 15 percent or 5 psi, whichever is greater, above the highest operating pressure of the line. But in all cases, it shall be set sufficiently below the maximum shut-in wellhead pressure or the gas-lift supply pressure to assure actuation of the SSV. The low-pressure shut-in sensor(s) shall be set no lower than 15 percent or 5 psi, whichever is greater, below the lowest operating pressure of the line in which it is installed.

(ii) If a well flows directly to the pipeline before separation, the flowline and valves from the well located upstream of and including the header inlet valve(s) shall have a working pressure equal to or greater than the maximum shut-in pressure of the well unless the flowline is protected by one of the following:

(A) A relief valve which vents into the platform flare scrubber or some other location approved by the District Manager. The platform flare scrubber shall be designed to handle, without liquid-hydrocarbon carryover to the flare, the maximum-anticipated flow of liquid hydrocarbons which may be relieved to the vessel.

(B) Two SSV's with independent high-pressure sensors installed with adequate volume upstream of any block valve to allow sufficient time for the valve(s) to close before exceeding the maximum allowable working pressure.

(iii) If you are installing flowlines constructed of unbonded flexible pipe on a floating platform, you must:

(A) Review the manufacturer's Design Methodology Verification Report and the independent verification agent's (IVA's) certificate for the design methodology contained in that report to ensure that the manufacturer has complied with the requirements of API Spec 17J (as incorporated by reference in § 250.198);

(B) Determine that the unbonded flexible pipe is suitable for its intended purpose on the lease or pipeline right-of-way;

(C) Submit to the BSEE District Manager the manufacturer's design specifications for the unbonded flexible pipe; and

(D) Submit to the BSEE District Manager a statement certifying that the pipe is suitable for its intended use and that the manufacturer has complied with the IVA requirements of API Spec 17J (as incorporated by reference in § 250.198).

(3) *Safety sensors.* All shutdown devices, valves, and pressure sensors shall function in a manual reset mode. Sensors with integral automatic reset shall be equipped with an appropriate device to override the automatic reset mode. All pressure sensors shall be equipped to permit testing with an external pressure source.

(4) *ESD.* The ESD must conform to the requirements of Appendix C, section C1, of API RP 14C (as incorporated by reference in § 250.198), and the following:

(i) The manually operated ESD valve(s) shall be quick-opening and nonrestricted to enable the rapid actuation of the shutdown system. Only ESD stations at the boat landing may utilize a loop of breakable synthetic tubing in lieu of a valve.

(ii) Closure of the SSV shall not exceed 45 seconds after automatic detection of an abnormal condition or actuation of an ESD. The surface-controlled SSSV shall close in not more than 2 minutes after the shut-in signal has closed the SSV. Design-delayed closure time greater than 2 minutes shall be justified by the lessee based on the individual well's mechanical/production characteristics and be approved by the District Manager.

(iii) A schematic of the ESD which indicates the control functions of all safety devices for the platforms shall be maintained by the lessee on the platform or at the lessee's field office nearest the OCS facility or other location conveniently available to the District Manager.

(5) *Engines:* (i) *Engine exhaust.* You must equip engine exhausts to comply with the insulation and personnel protection requirements of API RP 14C, section 4.2c(4) (as incorporated by reference in § 250.198). Exhaust piping from diesel engines must be equipped with spark arresters.

(ii) *Diesel engine air intake.* All diesel engine air intakes must be equipped with a device to shutdown the diesel engine in the event of runaway. Diesel engines that are continuously attended must be equipped with either remote operated manual or automatic shutdown devices. Diesel engines that are not continuously attended must be equipped with automatic shutdown devices.

(6) *Glycol dehydration units.* A pressure relief system or an adequate vent shall be installed on the glycol regenerator (reboiler) which will prevent overpressurization. The discharge of the relief valve shall be vented in a nonhazardous manner.

(7) *Gas compressors.* You must equip compressor installations with the following protective equipment as required in API RP 14C, Sections A4 and A8 (as incorporated by reference in § 250.198).

(i) A Pressure Safety High (PSH), a Pressure Safety Low (PSL), a Pressure Safety Valve (PSV), and a Level Safety High (LSH), and an LSL to protect each interstage and suction scrubber.

(ii) A Temperature Safety High (TSH) on each compressor discharge cylinder.

(iii) The PSH and PSL shut-in sensors and LSH shut-in controls protecting compressor suction and interstage scrubbers shall be designated to actuate automatic shutdown valves (SDV) located in each compressor suction and fuel gas line so that the compressor unit and the associated vessels can be isolated from all input sources. All automatic SDV's installed in compressor suction and fuel gas piping shall also be actuated by the shutdown of the prime mover. Unless

otherwise approved by the District Manager, gas—well gas affected by the closure of the automatic SDV on a compressor suction shall be diverted to the pipeline or shut in at the wellhead.

(iv) A blowdown valve is required on the discharge line of all compressor installations of 1,000 horsepower (746 kilowatts) or greater.

(8) *Firefighting systems.* Firefighting systems for both open and totally enclosed platforms installed for extreme weather conditions or other reasons shall conform to subsection 5.2, Firewater systems, of API RP 14G (as incorporated by reference in § 250.198), Fire Prevention and Control Open Type Offshore Production Platforms, and shall require approval of the District Manager. The following additional requirements shall apply for both open- and closed-production platforms:

(i) A firewater system consisting of rigid pipe with firehose stations or fixed firewater monitors shall be installed. The firewater system shall be installed to provide needed protection in all areas where production-handling equipment is located. A fixed waterspray system shall be installed in enclosed well-bay areas where hydrocarbon vapors may accumulate.

(ii) Fuel or power for firewater pump drivers shall be available for at least 30 minutes of run time during a platform shut-in. If necessary, an alternate fuel or power supply shall be installed to provide for this pump-operating time unless an alternate firefighting system has been approved by the District Manager.

(iii) A firefighting system using chemicals may be used in lieu of a water system if the District Manager determines that the use of a chemical system provides equivalent fire-protection control.

(iv) A diagram of the firefighting system showing the location of all firefighting equipment shall be posted in a prominent place on the facility or structure.

(v) For operations in subfreezing climates, the lessee shall furnish evidence to the District Manager that the firefighting system is suitable for the conditions.

(9) *Fire- and gas-detection system.* (i) Fire (flame, heat, or smoke) sensors shall be installed in all enclosed classified areas. Gas sensors shall be installed in all inadequately ventilated, enclosed classified areas. Adequate ventilation is defined as ventilation which is sufficient to prevent accumulation of significant quantities of vapor-air mixture in concentrations over 25 percent of the lower explosive limit (LEL). One approved method of providing adequate ventilation is a change of air volume each 5 minutes or 1 cubic foot of air-volume flow per minute per square foot of solid floor area, whichever is greater. Enclosed areas (e.g., buildings, living quarters, or doghouses) are defined as those areas confined on more than four of their six possible sides by walls, floors, or ceilings more restrictive to air flow than grating or fixed open louvers and of sufficient size to all entry of personnel. A classified area is any area classified Class I, Group D, Division 1 or 2, following the guidelines of API RP 500 (as incorporated by reference in § 250.198), or any area classified Class I, Zone 0, Zone 1, or Zone 2, following the guidelines of API RP 505 (as incorporated by reference in § 250.198).

(ii) All detection systems shall be capable of continuous monitoring. Fire-detection systems and portions of combustible gas-detection systems related to the higher gas concentration levels shall be of the manual-reset type. Combustible gas-detection systems related to the lower gas-concentration level may be of the automatic-reset type.

(iii) A fuel-gas odorant or an automatic gas-detection and alarm system is required in enclosed, continuously manned areas of the facility which are provided with fuel gas. Living quarters and doghouses not containing a gas source and not located in a classified area do not require a gas detection system.

(iv) The District Manager may require the installation and maintenance of a gas detector or alarm in any potentially hazardous area.

(v) Fire- and gas-detection systems must be an approved type, designed and installed according to API RP 14C, API RP 14G, and either API RP 14F or API RP 14FZ (the preceding four documents as incorporated by reference in § 250.198).

(10) *Electrical equipment.* Electrical equipment and systems shall be designed, installed, and maintained in accordance with the requirements in § 250.114 of this part.

(11) *Erosion.* A program of erosion control shall be in effect for wells or fields having a history of sand production. The erosion-control program may include sand probes, X-ray, ultrasonic, or other satisfactory monitoring methods. Records by lease, indicating the wells which have erosion-control programs in effect and the results of the programs, shall be maintained by the lessee for a period of 2 years and shall be made available to BSEE upon request.

(c) *General platform operations.* (1) Surface or subsurface safety devices shall not be bypassed or blocked out of service unless they are temporarily out of service for startup, maintenance, or testing procedures. Only the minimum number of safety devices shall be taken out of service. Personnel shall monitor the bypassed or blocked-out functions until the safety devices are placed back in service. Any surface or subsurface safety device which is temporarily out of service shall be flagged.

(2) When wells are disconnected from producing facilities and blind flanged, equipped with a tubing plug, or the master valves have been locked closed, you are not required to comply with the provisions of API RP 14C (as incorporated by reference in § 250.198) or this regulation concerning the following:

(i) Automatic fail-close SSV's on wellhead assemblies, and

(ii) The PSH and PSL shut-in sensors in flowlines from wells.

(3) When pressure or atmospheric vessels are isolated from production facilities (e.g., inlet valve locked closed or inlet blind-flanged) and are to remain isolated for an extended period of time, safety device compliance with API RP 14C or this subpart is not required.

(4) All open-ended lines connected to producing facilities and wells shall be plugged or blind-flanged, except those lines designed to be open-ended such as flare or vent lines.

(d) *Welding and burning practices and procedures.* All welding, burning, and hot-tapping activities shall be conducted according to the specific requirements in §§ 250.109 through 250.113 of this part.

§ 250.804 Production safety-system testing and records.

(a) *Inspection and testing.* The safety-system devices shall be successfully inspected and tested by the lessee at the interval specified below or more frequently if operating conditions warrant. Testing must be in accordance with API RP 14C, Appendix D (as incorporated by reference in § 250.198), and the following:

(1) Testing requirements for subsurface safety devices are as follows:

(i) Each surface-controlled subsurface safety device installed in a well, including such devices in shut-in and injection wells, shall be tested in place for proper operation when installed or reinstalled and thereafter at intervals not exceeding 6 months. If the device does not operate properly, or if a liquid leakage rate in excess of 200 cubic centimeters per minute or a gas leakage rate in excess of 5 cubic feet per minute is observed, the device shall be removed, repaired and reinstalled, or replaced. Testing shall be in accordance with API RP 14B (as incorporated by reference in § 250.198) to ensure proper operation.

(ii) Each subsurface-controlled SSSV installed in a well shall be removed, inspected, and repaired or adjusted, as necessary, and reinstalled or replaced at intervals not exceeding 6 months for those valves not installed in a landing nipple and 12 months for those valves installed in a landing nipple.

(iii) Each tubing plug installed in a well shall be inspected for leakage by opening the well to possible flow at intervals not exceeding 6 months. If a liquid leakage rate in excess of 200 cubic centimeters per minute or a gas leakage rate in excess of 5 cubic feet per minute is observed, the device shall be removed, repaired and reinstalled, or replaced. An additional tubing plug may be installed in lieu of removal.

(iv) Injection valves shall be tested in the manner as outlined for testing tubing plugs in paragraph (a)(1)(iii) of this section. Leakage rates outlined in paragraph (a)(1)(iii) of this section shall apply.

(2) All PSV's shall be tested for operation at least once every 12 months. These valves shall be either bench-tested or equipped to permit testing with an external pressure source. Weighted disk vent valves used as PSV's on atmospheric tanks may be disassembled and inspected in lieu of function testing.

(3) The following safety devices (excluding electronic pressure transmitters and level sensors) must be tested at least once each calendar month, but at no time will more than 6 weeks elapse between tests:

(i) All PSH and PSL,

(ii) All LSH and LSL controls,

(iii) All automatic inlet SDV's which are actuated by a sensor on a vessel or compressor, and

(iv) All SDV's in liquid discharge lines and actuated by vessel low-level sensors.

(4) The following electronic pressure transmitters and level sensors must be tested at least once every 3 months, but at no time may more than 120 days elapse between tests:

(i) All PSH and PSL, and

(ii) All LSH and LSL controls.

(5) All SSV's and USV's shall be tested for operation and for leakage at least once each calendar month, but at no time shall more than 6 weeks elapse between tests. The SSV's and USV's must be tested in accordance with the test procedures specified in API RP 14H (as incorporated by reference in § 250.198). If the SSV or USV does not operate properly or if any fluid flow is observed during the leakage test, the valve shall be repaired or replaced.

(6) All flowline Flow Safety Valves (FSV) shall be checked for leakage at least once each calendar month, but at no time shall more than 6 weeks elapse between tests. The FSV's must be tested for leakage in accordance with the test procedures specified in API RP 14C, Appendix D, section D4, table D2, subsection D (as incorporated by reference in § 250.198). If the leakage measured exceeds a liquid flow of 200 cubic centimeters per minute or a gas flow of 5 cubic feet per minute, the FSV's shall be repaired or replaced.

(7) The TSH shutdown controls installed on compressor installations which can be nondestructively tested shall be tested every 6 months and repaired or replaced as necessary.

(8) All pumps for firewater systems shall be inspected and operated weekly.

(9) All fire- (flame, heat, or smoke) detection systems shall be tested for operation and recalibrated every 3 months provided that testing can be performed in a nondestructive manner. Open flame or devices operating at temperatures which could ignite a methane-air mixture shall not be used. All combustible gas-detection systems shall be calibrated every 3 months.

(10) All TSH devices shall be tested at least once every 12 months, excluding those addressed in paragraph (a)(7) of this section and those which would be destroyed by testing. Burner safety low and flow safety low devices shall also be tested at least once every 12 months.

(11) The ESD shall be tested for operation at least once each calendar month, but at no time shall more than 6 weeks elapse between tests. The test shall be conducted by alternating ESD stations monthly to close at least one wellhead SSV and verify a surface-controlled SSSV closure for that well as indicated by control circuitry actuation.

(12) Prior to the commencement of production, the lessee shall notify the District Manager when the lessee is ready to conduct a preproduction test and inspection of the integrated safety system. The lessee shall also notify the District Manager upon commencement of production in order that a complete inspection may be conducted.

(b) *Records.* The lessee shall maintain records for a period of 2 years for each subsurface and surface safety device installed. These records shall be maintained by the lessee at the lessee's field office nearest the OCS facility or other locations conveniently available to the District Manager. These records shall be available for review by a representative of BSEE. The records shall show the present status and history of each device, including dates and details of installation, removal, inspection, testing, repairing, adjustments, and reinstallation.

§ 250.805 Safety device training.

Personnel installing, inspecting, testing, and maintaining these safety devices and personnel operating the production platforms shall be qualified in accordance with 30 CFR 250, subpart O.

§ 250.806 Safety and pollution prevention equipment quality assurance requirements.

(a) *General requirements.* (1) Except as provided in paragraph (b)(1) of this section, you may install only certified safety and pollution prevention equipment (SPPE) in wells located on the OCS. SPPE includes the following:

(i) Surface safety valves (SSV) and actuators;

(ii) Underwater safety valves (USV) and actuators; and

(iii) Subsurface safety valves (SSSV) and associated safety valve locks and landing nipples.

(2) Certified SPPE is equipment the manufacturer certifies as manufactured under a quality assurance program BSEE recognizes. BSEE considers all other SPPE as noncertified. BSEE recognizes two quality assurance programs:

(i) ANSI/ASME SPPE–1–1994 and SPPE–1d–1996 Addenda, Quality Assurance and Certification of Safety and Pollution Prevention Equipment Used in Offshore Oil and Gas Operations (as incorporated by reference in § 250.198); and

(ii) API Spec Q1, Specification for Quality Programs for the Petroleum, Petrochemical and Natural Gas Industry (as incorporated by reference in § 250.198).

(3) All SSV's and USV's must meet the technical specifications of API Spec 6A and 6AV1. All SSSVs must meet the technical specifications of API Specification 14A (as incorporated by reference in § 250.198). However, SSSVs and related equipment planned to be used in high pressure high temperature environments must meet the additional requirements set forth in § 250.807.

(4) For information on all standards mentioned in this section, see § 250.198.

(b) *Use of noncertified SPPE.* (1) Before April 1, 1998, you may continue to use and install noncertified SPPE if it was in your inventory as of April 1, 1988, and was included in a list of noncertified SPPE submitted to BSEE prior to August 29, 1988.

(2) On or after April 1, 1998:

(i) You may not install additional noncertified SPPE; and

(ii) When noncertified SPPE that is already in service requires offsite repair, remanufacturing, or hot work such as welding, you must replace it with certified SPPE.

(c) *Recognizing other quality assurance programs.* The BSEE will consider recognizing other quality assurance programs covering the manufacture of SPPE. If you want BSEE to evaluate other quality assurance programs, submit relevant information about the program and reasons for recognition by BSEE to the Chief, Office of Offshore Regulatory Programs; Bureau of Safety and Environmental Enforcement; MS–4020; 381 Elden Street, Herndon, Virginia 20170–4817.

§ 250.807 Additional requirements for subsurface safety valves and related equipment installed in high pressure high temperature (HPHT) environments.

(a) If you plan to install SSSVs and related equipment in an HPHT environment, you must submit detailed information with your Application for Permit to Drill (APD), Application for Permit to Modify (APM), or Deepwater Operations Plan (DWOP) that demonstrates the SSSVs and related equipment are capable of performing in the applicable HPHT environment. Your detailed information must include the following:

(1) A discussion of the SSSVs' and related equipment's design verification analysis;

(2) A discussion of the SSSVs' and related equipment's design validation and functional testing process and procedures used; and

(3) An explanation of why the analysis, process, and procedures ensure that the SSSVs and related equipment are fit-for-service in the applicable HPHT environment.

(b) For this section, HPHT environment means when one or more of the following well conditions exist:

(1) The completion of the well requires completion equipment or well control equipment assigned a pressure

rating greater than 15,000 psig or a temperature rating greater than 350 degrees Fahrenheit;

(2) The maximum anticipated surface pressure or shut-in tubing pressure is greater than 15,000 psig on the seafloor for a well with a subsea wellhead or at the surface for a well with a surface wellhead; or

(3) The flowing temperature is equal to or greater than 350 degrees Fahrenheit on the seafloor for a well with a subsea wellhead or at the surface for a well with a surface wellhead.

(c) For this section, related equipment includes wellheads, tubing heads, tubulars, packers, threaded connections, seals, seal assemblies, production trees, chokes, well control equipment, and any other equipment that will be exposed to the HPHT environment.

§ 250.808 Hydrogen sulfide.

Production operations in zones known to contain hydrogen sulfide (H_2S) or in zones where the presence of H_2S is unknown, as defined in § 250.490 of this part, shall be conducted in accordance with that section and other relevant requirements of subpart H, Production Safety Systems.

Subpart I—Platforms and Structures

GENERAL REQUIREMENTS FOR PLATFORMS

§ 250.900 What general requirements apply to all platforms?

(a) You must design, fabricate, install, use, maintain, inspect, and assess all platforms and related structures on the Outer Continental Shelf (OCS) so as to ensure their structural integrity for the safe conduct of drilling, workover, and production operations. In doing this, you must consider the specific environmental conditions at the platform location.

(b) You must also submit an application under § 250.905 of this subpart and obtain the approval of the Regional Supervisor before performing any of the activities described in the following table:

Activity requiring application and approval	Conditions for conducting the activity
(1) Install a platform. This includes placing a newly constructed platform at a location or moving an existing platform to a new site.	(i) You must adhere to the requirements of this subpart, including the industry standards in § 250.901. (ii) If you are installing a floating platform, you must also adhere to U.S. Coast Guard (USCG) regulations for the fabrication, installation, and inspection of floating OCS facilities.
(2) Major modification to any platform. This includes any structural changes that materially alter the approved plan or cause a major deviation from approved operations and any modification that increases loading on a platform by 10 percent or more.	(i) You must adhere to the requirements of this subpart, including the industry standards in § 250.901. (ii) Before you make a major modification to a floating platform, you must obtain approval from both the BSEE and the USCG for the modification.
(3) Major repair of damage to any platform. This includes any corrective operations involving structural members affecting the structural integrity of a portion or all of the platform.	(i) You must adhere to the requirements of this subpart, including the industry standards in § 250.901. (ii) Before you make a major repair to a floating platform, you must obtain approval from both the BSEE and the USCG for the repair.
(4) Convert an existing platform at the current location for a new purpose.	(i) The Regional Supervisor will determine on a case-by-case basis the requirements for an application for conversion of an existing platform at the current location. (ii) At a minimum, your application must include: the converted platform's intended use; and a demonstration of the adequacy of the design and structural condition of the converted platform. (iii) If a floating platform, you must also adhere to USCG regulations for the fabrication, installation, and inspection of floating OCS facilities.

Activity requiring application and approval	Conditions for conducting the activity
(5) Convert an existing mobile offshore drilling unit (MODU) for a new purpose.	(i) The Regional Supervisor will determine on a case-by-case basis the requirements for an application for conversion of an existing MODU. (ii) At a minimum, your application must include: the converted MODU's intended location and use; a demonstration of the adequacy of the design and structural condition of the converted MODU; and a demonstration that the level of safety for the converted MODU is at least equal to that of re-used platforms. (iii) You must also adhere to USCG regulations for the fabrication, installation, and inspection of floating OCS facilities.

(c) Under emergency conditions, you may make repairs to primary structural elements to restore an existing permitted condition without submitting an application or receiving prior BSEE approval for up to 120-calendar days following an event. You must notify the Regional Supervisor of the damage that occurred within 24 hours of its discovery, and you must provide a written completion report to the Regional Supervisor of the repairs that were made within 1 week after completing the repairs. If you make emergency repairs on a floating platform, you must also notify the USCG.

(d) You must determine if your new platform or major modification to an existing platform is subject to the Platform Verification Program (PVP). Section 250.910 of this subpart fully describes the facilities that are subject to the PVP. If you determine that your platform is subject to the PVP, you must follow the requirements of §§ 250.909 through 250.918 of this subpart.

(e) You must submit notification of the platform installation date and the final as-built location data to the Regional Supervisor within 45-calendar days of completion of platform installation.

(1) For platforms not subject to the Platform Verification Program (PVP), BSEE will cancel the approved platform application 1 year after the approval has been granted if the platform has not been installed. If BSEE cancels the approval, you must resubmit your platform application and receive BSEE approval if you still plan to install the platform.

(2) For platforms subject to the PVP, cancellation of an approval will be on an individual platform basis. For these platforms, BSEE will identify the date when the installation approval will be cancelled (if installation has not occurred) during the application and approval process. If BSEE cancels your installation approval, you must resubmit your platform application and receive BSEE approval if you still plan to install the platform.

§ 250.901 What industry standards must your platform meet?

(a) In addition to the other requirements of this subpart, your plans for platform design, analysis, fabrication, installation, use, maintenance, inspection and assessment must, as appropriate, conform to:

(1) ACI Standard 318–95, Building Code Requirements for Reinforced Concrete (ACI 318–95) and Commentary (ACI 318R–95) (incorporated by reference at § 250.198);

(2) ACI 357R–84, Guide for the Design and Construction of Fixed Offshore Concrete Structures, 1984; reapproved 1997 (incorporated by reference at § 250.198);

(3) ANSI/AISC 360–05, Specification for Structural Steel Buildings, (as specified in § 250.198);

(4) American Petroleum Institute (API) Bulletin 2INT–DG, Interim Guidance for Design of Offshore Structures for Hurricane Conditions, (as incorporated by reference in § 250.198);

(5) API Bulletin 2INT–EX, Interim Guidance for Assessment of Existing Offshore Structures for Hurricane Conditions, (as incorporated by reference in § 250.198);

(6) API Bulletin 2INT–MET, Interim Guidance on Hurricane Conditions in the Gulf of Mexico, (as incorporated by reference in § 250.198);

(7) API Recommend Practice (RP) 2A–WSD, RP for Planning, Designing, and Constructing Fixed Offshore Platforms—Working Stress Design (as incorporated by reference in § 250.198);

(8) API RP 2FPS, Recommended Practice for Planning, Designing, and Constructing Floating Production Systems, (as incorporated by reference in § 250.198);

(9) API RP 2I, In-Service Inspection of Mooring Hardware for Floating Drilling Units (as incorporated by reference in § 250.198);

(10) API RP 2RD, Design of Risers for Floating Production Systems (FPSs) and Tension-Leg Platforms (TLPs), (as incorporated by reference in § 250.198);

(11) API RP 2SK, Recommended Practice for Design and Analysis of Station Keeping Systems for Floating Structures, (as incorporated by reference in § 250.198);

(12) API RP 2SM, Recommended Practice for Design, Manufacture, Installation, and Maintenance of Synthetic Fiber Ropes for Offshore Mooring, (as incorporated by reference in § 250.198);

(13) API RP 2T, Recommended Practice for Planning, Designing and Constructing Tension Leg Platforms, (as incorporated by reference in § 250.198);

(14) API RP 14J, Recommended Practice for Design and Hazards Analysis for Offshore Production Facilities, (as incorporated by reference in § 250.198);

(15) American Society for Testing and Materials (ASTM) Standard C 33–07, approved December 15, 2007, Standard Specification for Concrete Aggregates (as incorporated by reference in § 250.198);

(16) ASTM Standard C 94/C 94M–07, approved January 1, 2007, Standard Specification for Ready-Mixed Concrete (as incorporated by reference in § 250.198);

(17) ASTM Standard C 150–07, approved May 1, 2007, Standard Specification for Portland Cement (as incorporated by reference in § 250.198);

(18) ASTM Standard C 330–05, approved December 15, 2005, Standard Specification for Lightweight Aggregates for Structural Concrete (as incorporated by reference in § 250.198);

(19) ASTM Standard C 595–08, approved January 1, 2008, Standard Specification for Blended Hydraulic Cements (as incorporated by reference in § 250.198);

(20) AWS D1.1, Structural Welding Code—Steel, including Commentary, (as incorporated by reference in § 250.198);

(21) AWS D1.4, Structural Welding Code—Reinforcing Steel, (as incorporated by reference in § 250.198);

(22) AWS D3.6M, Specification for Underwater Welding, (as incorporated by reference in § 250.198);

(23) NACE Standard MR0175, Sulfide Stress Cracking Resistant Metallic Materials for Oilfield Equipment, (as incorporated by reference in § 250.198);

(24) NACE Standard RP0176–2003, Item No. 21018, Standard Recommended Practice, Corrosion Control of Steel Fixed Offshore Structures Associated with Petroleum Production.

(b) You must follow the requirements contained in the documents listed under paragraph (a) of this section insofar as they do not conflict with other provisions of 30 CFR part 250. You may use applicable provisions of these documents, as approved by the Regional Supervisor, for the design, fabrication, and installation of platforms such as spars, since standards specifically written for such structures do not exist. You may also use alternative codes, rules, or standards, as approved by the Regional Supervisor, under the conditions enumerated in § 250.141.

(c) For information on the standards mentioned in this section, and where they may be obtained, see § 250.198 of this part.

(d) The following chart summarizes the applicability of the industry standards listed in this section for fixed and floating platforms:

Industry standard	Applicable to . . .
(1) ACI Standard 318–95, Building Code Requirements for Reinforced Concrete (ACI 318–95) and Commentary (ACI 318R–95), (2) ANSI/AISC 360–05, Specification for Structural Steel Buildings; (3) API Bulletin 2INT–DG, Interim Guidance for Design of Offshore Structures for Hurricane Conditions;	Fixed and floating platform, as appropriate.

Industry standard	Applicable to . . .
(4) API Bulletin 2INT–EX, Interim Guidance for Assessment of Existing Offshore Structures for Hurricane Conditions;	
(5) API Bulletin 2INT–MET, Interim Guidance on Hurricane Conditions in the Gulf of Mexico;	
(6) API RP 2A–WSD, RP for Planning, Designing, and Constructing Fixed Offshore Platforms—Working Stress Design;	
(7) ASTM Standard C 33–07, approved December 15, 2007, Standard Specification for Concrete Aggregates;	
(8) ASTM Standard C 94/C 94M–07, approved January 1, 2007, Standard Specification for Ready-Mixed Concrete;	
(9) ASTM Standard C 150–07, approved May 1, 2007, Standard Specification for Portland Cement;	
(10) ASTM Standard C 330–05, approved December 15, 2005, Standard Specification for Lightweight Aggregates for Structural Concrete;	
(11) ASTM Standard C 595–08, approved January 1, 2008, Standard Specification for Blended Hydraulic Cements;	
(12) AWS D1.1, Structural Welding Code—Steel;	
(13) AWS D1.4, Structural Welding Code—Reinforcing Steel;	
(14) AWS D3.6M, Specification for Underwater Welding;	
(15) NACE Standard RP 0176–2003, Standard Recommended Practice (RP), Corrosion Control of Steel Fixed Offshore Platforms Associated with Petroleum Production;	
(16) ACI 357R–84, Guide for the Design and Construction of Fixed Offshore Concrete Structures, 1984; reapproved 1997,	Fixed platforms.
(17) API RP 14J, RP for Design and Hazards Analysis for Offshore Production Facilities;	Floating platforms.
(18) API RP 2FPS, RP for Planning, Designing, and Constructing, Floating Production Systems;	
(19) API RP 2RD, Design of Risers for Floating Production Systems (FPSs) and Tension-Leg Platforms (TLPs);	
(20) API RP 2SK, RP for Design and Analysis of Station Keeping Systems for Floating Structures;	
(21) API RP 2T, RP for Planning, Designing, and Constructing Tension Leg Platforms;	
(22) API RP 2SM, RP for Design, Manufacture, Installation, and Maintenance of Synthetic Fiber Ropes for Offshore Mooring;	
(23) API RP 2I, In-Service Inspection of Mooring Hardware for Floating Drilling Units	

§ 250.902 What are the requirements for platform removal and location clearance?

You must remove all structures according to §§ 250.1725 through 250.1730 of Subpart Q—Decommissioning Activities of this part.

§ 250.903 What records must I keep?

(a) You must compile, retain, and make available to BSEE representatives for the functional life of all platforms:

(1) The as-built drawings;

(2) The design assumptions and analyses;

(3) A summary of the fabrication and installation nondestructive examination records;

(4) The inspection results from the inspections required by § 250.919 of this subpart; and

(5) Records of repairs not covered in the inspection report submitted under § 250.919(b).

(b) You must record and retain the original material test results of all primary structural materials during all stages of construction. Primary material is material that, should it fail, would lead to a significant reduction in platform safety, structural reliability, or operating capabilities. Items such as steel brackets, deck stiffeners and secondary braces or beams would not generally be considered primary structural members (or materials).

(c) You must provide BSEE with the location of these records in the certification statement of your application for platform approval as required in § 250.905(j).

PLATFORM APPROVAL PROGRAM

§ 250.904 What is the Platform Approval Program?

(a) The Platform Approval Program is the BSEE basic approval process for platforms on the OCS. The requirements of the Platform Approval Program are described in §§ 250.904 through 250.908 of this subpart. Completing these requirements will satisfy BSEE criteria for approval of fixed platforms of a proven design that will be placed in the shallow water areas (≤ 400 ft.) of the Gulf of Mexico OCS.

(b) The requirements of the Platform Approval Program must be met by all platforms on the OCS. Additionally, if you want approval for a floating platform; a platform of unique design; or a platform being installed in deepwater (≤ 400 ft.) or a frontier area, you must also meet the requirements of the Platform Verification Program. The requirements of the Platform Verification Program are described in §§ 250.909 through 250.918 of this subpart.

§ 250.905 How do I get approval for the installation, modification, or repair of my platform?

The Platform Approval Program requires that you submit the information, documents, and fee listed in the following table for your proposed project. In lieu of submitting the paper copies specified in the table, you may submit your application electronically in accordance with 30 CFR 250.186(a)(3).

Required submittal	Required contents	Other requirements
(a) Application cover letter	Proposed structure designation, lease number, area, name, and block number, and the type of facility your facility (e.g., drilling, production, quarters). The structure designation must be unique for the field (some fields are made up of several blocks); *i.e.* once a platform "A" has been used in the field there should never be another platform "A" even if the old platform "A" has been removed. Single well free standing caissons should be given the same designation as the well. All other structures are to be designated by letter designations.	You must submit three copies. If, your facility is subject to the Platform Verification Program (PVP), you must submit four copies.
(b) Location plat	Latitude and longitude coordinates, Universal Mercator grid-system coordinates, state plane coordinates in the Lambert or Transverse Mercator Projection System, and distances in feet from the nearest block lines. These coordinates must be based on the NAD (North American Datum) 27 datum plane coordinate system.	Your plat must be drawn to a scale of 1 inch equals 2,000 feet and include the coordinates of the lease block boundary lines. You must submit three copies.
(c) Front, Side, and Plan View drawings	Platform dimensions and orientation, elevations relative to M.L.L.W. (Mean Lower Low Water), and pile sizes and penetration.	Your drawing sizes must not exceed 11″ x 17″. You must submit three copies (four copies for PVP applications).
(d) Complete set of structural drawings	The approved for construction fabrication drawings should be submitted including; e.g., cathodic protection systems; jacket design; pile foundations; drilling, production, and pipeline risers and riser tensioning systems; turrets and turret-and-hull interfaces; mooring and tethering systems; foundations and anchoring systems.	Your drawing sizes must not exceed 11″ x 17″. You must submit one copy.
(e) Summary of environmental data	A summary of the environmental data described in the applicable standards referenced under § 250.901(a) of this subpart and in § 250.198 of Subpart A, where the data is used in the design or analysis of the platform. Examples of relevant data include information on waves, wind, current, tides, temperature, snow and ice effects, marine growth, and water depth.	You must submit one copy.

Required submittal	Required contents	Other requirements
(f) Summary of the engineering design data.	Loading information (e.g., live, dead, environmental), structural information (e.g., design-life; material types; cathodic protection systems; design criteria; fatigue life; jacket design; deck design; production component design; pile foundations; drilling, production, and pipeline risers and riser tensioning systems; turrets and turret-and-hull interfaces; foundations, foundation pilings and templates, and anchoring systems; mooring or tethering systems; fabrication and installation guidelines), and foundation information (e.g., soil stability, design criteria).	You must submit one copy.
(g) Project-specific studies used in the platform design or installation.	All studies pertinent to platform design or installation, e.g., oceanographic and/or soil reports including the overall site investigative report required in § 250.906.	You must submit one copy of each study.
(h) Description of the loads imposed on the facility.	Loads imposed by jacket; decks; production components; drilling, production, and pipeline risers, and riser tensioning systems; turrets and turret-and-hull interfaces; foundations, foundation pilings and templates, and anchoring systems; and mooring or tethering systems.	You must submit one copy.
(i) Summary of safety factors utilized	A summary of pertinent derived factors of safety against failure for major structural members, e.g., unity check ratios exceeding 0.85 for steel-jacket platform members, indicated on ''line'' sk*et*ches of jacket sections.	You must submit one copy.
(j) A copy of the in-service inspection plan	This plan is described in § 250.919	You must submit one copy.
(k) Certification statement	The following statement: ''The design of this structure has been certified by a recognized classification society, or a registered civil or structural engineer or equivalent, or a naval architect or marine engineer or equivalent, specializing in the design of offshore structures. The certified design and as-built plans and specifications will be on file at (give location)''.	An authorized company representative must sign the statement. You must submit one copy.
(l) Payment of the service fee listed in § 250.125.		

§ 250.906 What must I do to obtain approval for the proposed site of my platform?

(a) *Shallow hazards surveys*. You must perform a high-resolution or acoustic-profiling survey to obtain information on the conditions existing at and near the surface of the seafloor. You must collect information through this survey sufficient to determine the presence of the following features and their likely effects on your proposed platform:

(1) Shallow faults;

(2) Gas seeps or shallow gas;

(3) Slump blocks or slump sediments;

(4) Shallow water flows;

(5) Hydrates; or

(6) Ice scour of seafloor sediments.

(b) *Geologic surveys*. You must perform a geological survey relevant to the design and siting of your platform. Your geological survey must assess:

(1) Seismic activity at your proposed site;

(2) Fault zones, the extent and geometry of faulting, and attenuation effects of geologic conditions near your site; and

(3) For platforms located in producing areas, the possibility and effects of seafloor subsidence.

(c) *Subsurface surveys*. Depending upon the design and location of your proposed platform and the results of

the shallow hazard and geologic surveys, the Regional Supervisor may require you to perform a subsurface survey. This survey will include a testing program for investigating the stratigraphic and engineering properties of the soil that may affect the foundations or anchoring systems for your facility. The testing program must include adequate in situ testing, boring, and sampling to examine all important soil and rock strata to determine its strength classification, deformation properties, and dynamic characteristics. If required to perform a subsurface survey, you must prepare and submit to the Regional Supervisor a summary report to briefly describe the results of your soil testing program, the various field and laboratory test methods employed, and the applicability of these methods as they pertain to the quality of the samples, the type of soil, and the anticipated design application. You must explain how the engineering properties of each soil stratum affect the design of your platform. In your explanation you must describe the uncertainties inherent in your overall testing program, and the reliability and applicability of each test method.

(d) *Overall site investigation report.* You must prepare and submit to the Regional Supervisor an overall site investigation report for your platform that integrates the findings of your shallow hazards surveys and geologic surveys, and, if required, your subsurface surveys. Your overall site investigation report must include analyses of the potential for:

(1) Scouring of the seafloor;

(2) Hydraulic instability;

(3) The occurrence of sand waves;

(4) Instability of slopes at the platform location;

(5) Liquefaction, or possible reduction of soil strength due to increased pore pressures;

(6) Degradation of subsea permafrost layers;

(7) Cyclic loading;

(8) Lateral loading;

(9) Dynamic loading;

(10) Settlements and displacements;

(11) Plastic deformation and formation collapse mechanisms; and

(12) Soil reactions on the platform foundations or anchoring systems.

§ 250.907 Where must I locate foundation boreholes?

(a) For fixed or bottom-founded platforms and tension leg platforms, your maximum distance from any foundation pile to a soil boring must not exceed 500 feet.

(b) For deepwater floating platforms which utilize catenary or taut-leg moorings, you must take borings at the most heavily loaded anchor location, at the anchor points approximately 120 and 240 degrees around the anchor pattern from that boring, and, as necessary, other points throughout the anchor pattern to establish the soil profile suitable for foundation design purposes.

§ 250.908 What are the minimum structural fatigue design requirements?

(a) API RP 2A–WSD, Recommended Practice for Planning, Designing and Constructing Fixed Offshore Platforms (as incorporated by reference in § 250.198), requires that the design fatigue life of each joint and member be twice the intended service life of the structure. When designing your platform, the following table provides minimum fatigue life safety factors for critical structural members and joints.

If . . .	Then . . .
(1) There is sufficient structural redundancy to prevent catastrophic failure of the platform or structure under consideration,	The results of the analysis must indicate a maximum calculated life of twice the design life of the platform.
(2) There is not sufficient structural redundancy to prevent catastrophic failure of the platform or structure,	The results of a fatigue analysis must indicate a minimum calculated life or three times the design life of the platform.
(3) The desirable degree of redundancy is significantly reduced as a result of fatigue damage,	The results of a fatigue analysis must indicate a minimum calculated life of three times the design life of the platform.

(b) The documents incorporated by reference in § 250.901 may require larger safety factors than indicated in paragraph (a) of this section for some key

components. When the documents incorporated by reference require a larger safety factor than the chart in paragraph (a) of this section, the requirements of the incorporated document will prevail.

PLATFORM VERIFICATION PROGRAM

§ 250.909 What is the Platform Verification Program?

The Platform Verification Program is the BSEE approval process for ensuring that floating platforms; platforms of a new or unique design; platforms in seismic areas; or platforms located in deepwater or frontier areas meet stringent requirements for design and construction. The program is applied during construction of new platforms and major modifications of, or repairs to, existing platforms. These requirements are in addition to the requirements of the Platform Approval Program described in §§ 250.904 through 250.908 of this subpart.

§ 250.910 Which of my facilities are subject to the Platform Verification Program?

(a) All new fixed or bottom-founded platforms that meet any of the following five conditions are subject to the Platform Verification Program:

(1) Platforms installed in water depths exceeding 400 feet (122 meters);

(2) Platforms having natural periods in excess of 3 seconds;

(3) Platforms installed in areas of unstable bottom conditions;

(4) Platforms having configurations and designs which have not previously been used or proven for use in the area; or

(5) Platforms installed in seismically active areas.

(b) All new floating platforms are subject to the Platform Verification Program to the extent indicated in the following table:

If . . .	Then . . .
(1) Your new floating platform is a buoyant offshore facility that does not have a ship-shaped hull,	The entire platform is subject to the Platform Verification Program including the following associated structures: (i) Drilling, production, and pipeline risers, and riser tensioning systems (each platform must be designed to accommodate all the loads imposed by all risers and riser does not have tensioning systems); (ii) Turrets and turret-and-hull interfaces; (iii) Foundations, foundation pilings and templates, and anchoring systems; and (iv) Mooring or tethering systems.
(2) Your new floating platform is a buoyant offshore facility with a ship-shaped hull,	Only the following structures that may be associated with a floating platform are subject to the Platform Verification Program: (i) Drilling, production, and pipeline risers, and riser tensioning systems (each platform must be designed to accommodate all the loads imposed by all risers and riser tensioning systems); (ii) Turrets and turret-and-hull interfaces; (iii) Foundations, foundation pilings and templates, and anchoring systems; and (iv) Mooring or tethering systems.

(c) If a platform is originally subject to the Platform Verification Program, then the conversion of that platform at that same site for a new purpose, or making a major modification of, or major repair to, that platform, is also subject to the Platform Verification Program. A major modification includes any modification that increases loading on a platform by 10 percent or more. A major repair is a corrective operation involving structural members affecting the structural integrity of a portion or all of the platform. Before you make a major modification or repair to a floating platform, you must obtain approval from both the BSEE and the USCG.

(d) The applicability of Platform Verification Program requirements to other types of facilities will be determined by BSEE on a case-by-case basis.

§ 250.911 If my platform is subject to the Platform Verification Program, what must I do?

If your platform, conversion, or major modification or repair meets the criteria in § 250.910, you must:

(a) Design, fabricate, install, use, maintain and inspect your platform, conversion, or major modification or repair to your platform according to the requirements of this subpart, and the applicable documents listed in § 250.901(a) of this subpart;

(b) Comply with all the requirements of the Platform Approval Program found in §§ 250.904 through 250.908 of this subpart.

(c) Submit for the Regional Supervisor's approval three copies each of the design verification, fabrication verification, and installation verification plans required by § 250.912;

(d) Submit a complete schedule of all phases of design, fabrication, and installation for the Regional Supervisor's approval. You must include a project management timeline, Gantt Chart, that depicts when interim and final reports required by §§ 250.916, 250.917, and 250.918 will be submitted to the Regional Supervisor for each phase. On the timeline, you must break-out the specific scopes of work that inherently stand alone (e.g., deck, mooring systems, tendon systems, riser systems, turret systems).

(e) Include your nomination of a Certified Verification Agent (CVA) as a part of each verification plan required by § 250.912;

(f) Follow the additional requirements in §§ 250.913 through 250.918;

(g) Obtain approval for modifications to approved plans and for major deviations from approved installation procedures from the Regional Supervisor; and

(h) Comply with applicable USCG regulations for floating OCS facilities.

§ 250.912 What plans must I submit under the Platform Verification Program?

If your platform, associated structure, or major modification meets the criteria in § 250.910, you must submit the following plans to the Regional Supervisor for approval:

(a) *Design verification plan.* You may submit your design verification plan to BSEE with or subsequent to the submittal of your Development and Production Plan (DPP) or Development Operations Coordination Document (DOCD) to BOEM. Your design verification must be conducted by, or be under the direct supervision of, a registered professional civil or structural engineer or equivalent, or a naval architect or marine engineer or equivalent, with previous experience in directing the design of similar facilities, systems, structures, or equipment. For floating platforms, you must ensure that the requirements of the USCG for structural integrity and stability, e.g., verification of center of gravity, *etc.*, have been met. Your design verification plan must include the following:

(1) All design documentation specified in § 250.905 of this subpart;

(2) Abstracts of the computer programs used in the design process; and

(3) A summary of the major design considerations and the approach to be used to verify the validity of these design considerations.

(b) *Fabrication verification plan.* The Regional Supervisor must approve your fabrication verification plan before you may initiate any related operations. Your fabrication verification plan must include the following:

(1) Fabrication drawings and material specifications for artificial island structures and major members of concrete-gravity and steel-gravity structures;

(2) For jacket and floating structures, all the primary load-bearing members included in the space-frame analysis; and

(3) A summary description of the following:

(i) Structural tolerances;

(ii) Welding procedures;

(iii) Material (concrete, gravel, or silt) placement methods;

(iv) Fabrication standards;

(v) Material quality-control procedures;

(vi) Methods and extent of nondestructive examinations for welds and materials; and

(vii) Quality assurance procedures.

(c) *Installation verification plan.* The Regional Supervisor must approve your installation verification plan before you may initiate any related operations. Your installation verification plan must include:

(1) A summary description of the planned marine operations;

(2) Contingencies considered;

(3) Alternative courses of action; and

(4) An identification of the areas to be inspected. You must specify the acceptance and rejection criteria to be used for any inspections conducted during installation, and for the post-installation verification inspection.

(d) You must combine fabrication verification and installation verification plans for manmade islands or platforms fabricated and installed in place.

§ 250.913 When must I resubmit Platform Verification Program plans?

(a) You must resubmit any design verification, fabrication verification, or installation verification plan to the Regional Supervisor for approval if:

(1) The CVA changes;

(2) The CVA's or assigned personnel's qualifications change; or

(3) The level of work to be performed changes.

(b) If only part of a verification plan is affected by one of the changes described in paragraph (a) of this section, you can resubmit only the affected part. You do not have to resubmit the summary of technical details unless you make changes in the technical details.

§ 250.914 How do I nominate a CVA?

(a) As part of your design verification, fabrication verification, or installation verification plan, you must nominate a CVA for the Regional Supervisor's approval. You must specify whether the nomination is for the design, fabrication, or installation phase of verification, or for any combination of these phases.

(b) For each CVA, you must submit a list of documents to be forwarded to the CVA, and a qualification statement that includes the following:

(1) Previous experience in third-party verification or experience in the design, fabrication, installation, or major modification of offshore oil and gas platforms. This should include fixed platforms, floating platforms, manmade islands, other similar marine structures, and related systems and equipment;

(2) Technical capabilities of the individual or the primary staff for the specific project;

(3) Size and type of organization or corporation;

(4) In-house availability of, or access to, appropriate technology. This should include computer programs, hardware, and testing materials and equipment;

(5) Ability to perform the CVA functions for the specific project considering current commitments;

(6) Previous experience with BSEE requirements and procedures;

(7) The level of work to be performed by the CVA.

§ 250.915 What are the CVA's primary responsibilities?

(a) The CVA must conduct specified reviews according to §§ 250.916, 250.917, and 250.918 of this subpart.

(b) Individuals or organizations acting as CVAs must not function in any capacity that would create a conflict of interest, or the appearance of a conflict of interest.

(c) The CVA must consider the applicable provisions of the documents listed in § 250.901(a); the alternative codes, rules, and standards approved under § 250.901(b); and the requirements of this subpart.

(d) The CVA is the primary contact with the Regional Supervisor and is directly responsible for providing immediate reports of all incidents that affect the design, fabrication and installation of the platform.

§ 250.916 What are the CVA's primary duties during the design phase?

(a) The CVA must use good engineering judgment and practices in conducting an independent assessment of the design of the platform, major modification, or repair. The CVA must ensure that the platform, major modification, or repair is designed to withstand the environmental and functional load conditions appropriate for the intended service life at the proposed location.

(b) Primary duties of the CVA during the design phase include the following:

Type of facility . . .	The CVA must . . .
(1) For fixed platforms and non-ship-shaped floating facilities,	Conduct an independent assessment of all proposed: (i) Planning criteria; (ii) Operational requirements; (iii) Environmental loading data; (iv) Load determinations; (v) Stress analyses; (vi) Material designations; (vii) Soil and foundation conditions; (viii) Safety factors; and (ix) Other pertinent parameters of the proposed design.
(2) For all floating facilities,	Ensure that the requirements of the U.S. Coast Guard for structural integrity and stability, e.g., verification of center of gravity, *etc.,* have been met. The CVA must also consider: (i) Drilling, production, and pipeline risers, and riser tensioning systems; (ii) Turrets and turret-and-hull interfaces; (iii) Foundations, foundation pilings and templates, and anchoring systems; and (iv) Mooring or tethering systems.

(c) The CVA must submit interim reports and a final report to the Regional Supervisor, and to you, during the design phase in accordance with the approved schedule required by § 250.911(d). In each interim and final report the CVA must:

(1) Provide a summary of the material reviewed and the CVA's findings;

(2) In the final CVA report, make a recommendation that the Regional Supervisor either accept, request modifications, or reject the proposed design unless such a recommendation has been previously made in an interim report;

(3) Describe the particulars of how, by whom, and when the independent review was conducted; and

(4) Provide any additional comments the CVA deems necessary.

§ 250.917 What are the CVA's primary duties during the fabrication phase?

(a) The CVA must use good engineering judgment and practices in conducting an independent assessment of the fabrication activities. The CVA must monitor the fabrication of the platform or major modification to ensure that it has been built according to the approved design and the fabrication plan. If the CVA finds that fabrication procedures are changed or design specifications are modified, the CVA must inform you. If you accept the modifications, then the CVA must so inform the Regional Supervisor.

(b) Primary duties of the CVA during the fabrication phase include the following:

Type of facility . . .	The CVA must . . .
(1) For all fixed platforms and non-ship-shaped floating facilities,	Make periodic onsite inspections while fabrication is in progress and must verify the following fabrication items, as appropriate: (i) Quality control by lessee and builder; (ii) Fabrication site facilities; (iii) Material quality and identification methods; (iv) Fabrication procedures specified in the approved plan, and adherence to such procedures; (v) Welder and welding procedure qualification and identification; (vi) Structural tolerances specified and adherence to those tolerances; (vii) The nondestructive examination requirements, and evaluation results of the specified examinations; (viii) Destructive testing requirements and results; (ix) Repair procedures; (x) Installation of corrosion-protection systems and splash-zone protection; (xi) Erection procedures to ensure that overstressing of structural members does not occur; (xii) Alignment procedures; (xiii) Dimensional check of the overall structure, including any turrets, turret-and-hull interfaces, any mooring line and chain and riser tensioning line segments; and

Type of facility . . .	The CVA must . . .
(2) For all floating facilities,	(xiv) Status of quality-control records at various stages of fabrication. Ensure that the requirements of the U.S. Coast Guard floating for structural integrity and stability, e.g., verification of center of gravity, *etc.,* have been met. The CVA must also consider: (i) Drilling, production, and pipeline risers, and riser tensioning systems (at least for the initial fabrication of these elements); (ii) Turrets and turret-and-hull interfaces; (iii) Foundation pilings and templates, and anchoring systems; and (iv) Mooring or tethering systems.

(c) The CVA must submit interim reports and a final report to the Regional Supervisor, and to you, during the fabrication phase in accordance with the approved schedule required by § 250.911(d). In each interim and final report the CVA must:

(1) Give details of how, by whom, and when the independent monitoring activities were conducted;

(2) Describe the CVA's activities during the verification process;

(3) Summarize the CVA's findings;

(4) Confirm or deny compliance with the design specifications and the approved fabrication plan;

(5) In the final CVA report, make a recommendation to accept or reject the fabrication unless such a recommendation has been previously made in an interim report; and

(6) Provide any additional comments that the CVA deems necessary.

§ 250.918 What are the CVA's primary duties during the installation phase?

(a) The CVA must use good engineering judgment and practice in conducting an independent assessment of the installation activities.

(b) Primary duties of the CVA during the installation phase include the following:

The CVA must . . .	Operation or equipment to be inspected . . .
(1) Verify, as appropriate,	(i) Loadout and initial flotation operations; (ii) Towing operations to the specified location, and review the towing records; (iii) Launching and uprighting operations; (iv) Submergence operations; (v) Pile or anchor installations; (vi) Installation of mooring and tethering systems; (vii) Final deck and component installations; and (viii) Installation at the approved location according to the approved design and the installation plan.
(2) Witness (for a fixed or floating platform),	(i) The loadout of the jacket, decks, piles, or structures from each fabrication site; (ii) The actual installation of the platform or major modification and the related installation activities.
(3) Witness (for a floating platform),	(i) The loadout of the platform; (ii) The installation of drilling, production, and pipeline risers, and riser tensioning systems (at least for the initial installation of these elements); (iii) The installation of turrets and turret-and-hull interfaces; (iv) The installation of foundation pilings and templates, and anchoring systems; and (v) The installation of the mooring and tethering systems.
(4) Conduct an onsite survey,	Survey the platform after transportation to the approved location.
(5) Spot-check as necessary to determine compliance with the applicable documents listed in § 250.901(a); the alternative codes, rules and standards approved under § 250.901(b); the requirements listed in § 250.903 and §§ 250.906 through 250.908 of this subpart and the approved plans,	(i) Equipment; (ii) Procedures; and (iii) Recordkeeping.

(c) The CVA must submit interim reports and a final report to the Regional Supervisor, and to you, during the installation phase in accordance with the

approved schedule required by § 250.911(d). In each interim and final report the CVA must:

(1) Give details of how, by whom, and when the independent monitoring activities were conducted;

(2) Describe the CVA's activities during the verification process;

(3) Summarize the CVA's findings;

(4) Confirm or deny compliance with the approved installation plan;

(5) In the final report, make a recommendation to accept or reject the installation unless such a recommendation has been previously made in an interim report; and

(6) Provide any additional comments that the CVA deems necessary.

INSPECTION, MAINTENANCE, AND ASSESSMENT OF PLATFORMS

§ 250.919 What in-service inspection requirements must I meet?

(a) You must submit a comprehensive in-service inspection report annually by November 1 to the Regional Supervisor that must include:

(1) A list of fixed and floating platforms you inspected in the preceding 12 months;

(2) The extent and area of inspection for both the above-water and underwater portions of the platform and the pertinent components of the mooring system for floating platforms;

(3) The type of inspection employed (e.g., visual, magnetic particle, ultrasonic testing);

(4) The overall structural condition of each platform, including a corrosion protection evaluation; and

(5) A summary of the inspection results indicating what repairs, if any, were needed.

(b) If any of your structures have been exposed to a natural occurrence (e.g., hurricane, earthquake, or tropical storm), the Regional Supervisor may require you to submit an initial report of all structural damage, followed by subsequent updates, which include the following:

(1) A list of affected structures;

(2) A timetable for conducting the inspections described in section 14.4.3 of API RP 2A–WSD (as incorporated by reference in § 250.198); and

(3) An inspection plan for each structure that describes the work you will perform to determine the condition of the structure.

(c) The Regional Supervisor may also require you to submit the results of the inspections referred to in paragraph (b)(2) of this section, including a description of any detected damage that may adversely affect structural integrity, an assessment of the structure's ability to withstand any anticipated environmental conditions, and any remediation plans. Under §§ 250.900(b)(3) and 250.905, you must obtain approval from BSEE before you make major repairs of any damage unless you meet the requirements of § 250.900(c).

§ 250.920 What are the BSEE requirements for assessment of fixed platforms?

(a) You must document all wells, equipment, and pipelines supported by the platform if you intend to use either the A–2 or A–3 assessment category. Assessment categories are defined in API RP 2A–WSD, Section 17.3 (as incorporated by reference in § 250.198). If BSEE objects to the assessment category you used for your assessment, you may need to redesign and/or modify the platform to adequately demonstrate that the platform is able to withstand the environmental loadings for the appropriate assessment category.

(b) You must perform an analysis check when your platform will have additional personnel, additional topside facilities, increased environmental or operational loading, or inadequate deck height your platform suffered significant damage (e.g., experienced damage to primary structural members or conductor guide trays or global structural integrity is adversely affected); or the exposure category changes to a more restrictive level (see Sections 17.2.1 through 17.2.5 of API RP 2A–WSD, incorporated by reference in § 250.198, for a description of assessment initiators).

(c) You must initiate mitigation actions for platforms that do not pass the assessment process of API RP 2A–WSD. You must submit applications for your mitigation actions (e.g., repair, modification, decommissioning) to the Regional Supervisor for approval before you conduct the work.

(d) The BSEE may require you to conduct a platform design basis check when the reduced environmental loading criteria contained in API RP 2A–WSD Section 17.6 are not applicable.

(e) By November 1, 2009, you must submit a complete list of all the platforms you operate, together with all the appropriate data to support the assessment category you assign to each platform and the platform assessment initiators (as defined in API RP 2A–WSD) to the Regional Supervisor. You must submit subsequent complete lists and the appropriate data to support the consequence-of-failure category every 5 years thereafter, or as directed by the Regional Supervisor.

(f) The use of Section 17, Assessment of Existing Platforms, of API RP 2A–WSD is limited to existing fixed structures that are serving their original approved purpose. You must obtain approval from the Regional Supervisor for any change in purpose of the platform, following the provisions of API RP 2A–WSD, Section 15, Re-use.

§ 250.921 How do I analyze my platform for cumulative fatigue?

(a) If you are required to analyze cumulative fatigue on your platform because of the results of an inspection or platform assessment, you must ensure that the safety factors for critical elements listed in § 250.908 are met or exceeded.

(b) If the calculated life of a joint or member does not meet the criteria of § 250.908, you must either mitigate the load, strengthen the joint or member, or develop an increased inspection process.

Subpart J—Pipelines and Pipeline Rights-of-Way

§ 250.1000 General requirements.

(a) Pipelines and associated valves, flanges, and fittings shall be designed, installed, operated, maintained, and abandoned to provide safe and pollution-free transportation of fluids in a manner which does not unduly interfere with other uses in the Outer Continental Shelf (OCS).

(b) An application must be accompanied by payment of the service fee listed in § 250.125 and submitted to the Regional Supervisor and approval obtained before:

(1) Installation, modification, or abandonment of a lease term pipeline;

(2) Installation or modification of a right-of-way (other than lease term) pipeline; or

(3) Modification or relinquishment of a pipeline right-of way.

(c)(1) Department of the Interior (DOI) pipelines, as defined in § 250.1001, must meet the requirements in §§ 250.1000 through 250.1008.

(2) A pipeline right-of-way grant holder must identify in writing to the Regional Supervisor the operator of any pipeline located on its right-of-way, if the operator is different from the right-of-way grant holder.

(3) A producing operator must identify for its own records, on all existing pipelines located on its lease or right-of-way, the specific points at which operating responsibility transfers to a transporting operator.

(i) Each producing operator must, if practical, durably mark all of its above-water transfer points by April 14, 1999, or the date a pipeline begins service, whichever is later.

(ii) If it is not practical to durably mark a transfer point, and the transfer point is located above water, then the operator must identify the transfer point on a schematic located on the facility.

(iii) If a transfer point is located below water, then the operator must identify the transfer point on a schematic and provide the schematic to BSEE upon request.

(iv) If adjoining producing and transporting operators cannot agree on a transfer point by April 14, 1999, the BSEE Regional Supervisor and the Department of Transportation (DOT) Office of Pipeline Safety (OPS) Regional Director may jointly determine the transfer point.

(4) The transfer point serves as a regulatory boundary. An operator may write to the BSEE Regional Supervisor to request an exception to this requirement for an individual facility or area. The Regional Supervisor, in consultation with the OPS Regional Director and affected parties, may grant the request.

(5) Pipeline segments designed, constructed, maintained, and operated under DOT regulations but transferring to DOI regulation as of October 16, 1998, may continue to operate under DOT design and construction requirements until significant modifications or repairs are made to those segments. After October 16, 1998, BSEE operational and maintenance requirements will apply to those segments.

(6) Any producer operating a pipeline that crosses into State waters without first connecting to a transporting operator's facility on the OCS must comply with this subpart. Compliance must extend from the point where hydrocarbons are first produced, through and including the last valve and associated safety equipment (e.g., pressure safety sensors) on the last production facility on the OCS.

(7) Any producer operating a pipeline that connects facilities on the OCS must comply with this subpart.

(8) Any operator of a pipeline that has a valve on the OCS downstream (landward) of the last production facility may ask in writing that the BSEE Regional Supervisor recognize that valve as the last point BSEE will exercise its regulatory authority.

(9) A pipeline segment is not subject to BSEE regulations for design, construction, operation, and maintenance if:

(i) It is downstream (generally shoreward) of the last valve and associated safety equipment on the last production facility on the OCS; and

(ii) It is subject to regulation under 49 CFR parts 192 and 195.

(10) DOT may inspect all upstream safety equipment (including valves, over-pressure protection devices, cathodic protection equipment, and pigging devices, *etc.*) that serve to protect the integrity of DOT-regulated pipeline segments.

(11) OCS pipeline segments not subject to DOT regulation under 49 CFR parts 192 and 195 are subject to all BSEE regulations.

(12) A producer may request that its pipeline operate under DOT regulations governing pipeline design, construction, operation, and maintenance.

(i) The operator's request must be in the form of a written petition to the BSEE Regional Supervisor that states the justification for the pipeline to operate under DOT regulation.

(ii) The Regional Supervisor will decide, on a case-by-case basis, whether to grant the operator's request. In considering each petition, the Regional Supervisor will consult with the Office of Pipeline Safety (OPS) Regional Director.

(13) A transporter who operates a pipeline regulated by DOT may request to operate under BSEE regulations governing pipeline operation and maintenance. Any subsequent repairs or modifications will also be subject to BSEE regulations governing design and construction.

(i) The operator's request must be in the form of a written petition to the OPS Regional Director and the BSEE Regional Supervisor.

(ii) The BSEE Regional Supervisor and the OPS Regional Director will decide how to act on this petition.

(d) A pipeline which qualifies as a right-of-way pipeline (see §250.1001, Definitions) shall not be installed until a right-of-way has been requested and granted in accordance with this subpart.

(e)(1) The Regional Supervisor may suspend any pipeline operation upon a determination by the Regional Supervisor that continued activity would threaten or result in serious, irreparable, or immediate harm or damage to life (including fish and other aquatic life), property, mineral deposits, or the marine, coastal, or human environment.

(2) The Regional Supervisor may also suspend pipeline operations or a right-of-way grant if the Regional Supervisor determines that the lessee or right-of-way holder has failed to comply with a provision of the Act or any other applicable law, a provision of these or other applicable regulations, or a condition of a permit or right-of-way grant.

(3) The Secretary of the Interior (Secretary) may cancel a pipeline permit or right-of-way grant in accordance with 43 U.S.C. 1334(a)(2). A right-of-way grant may be forfeited in accordance with 43 U.S.C. 1334(e).

§ 250.1001 Definitions.

Terms used in this subpart shall have the meanings given below:

DOI pipelines include:

(1) Producer-operated pipelines extending upstream (generally seaward) from each point on the OCS at which operating responsibility transfers from a producing operator to a transporting operator;

(2) Producer-operated pipelines extending upstream (generally seaward) of the last valve (including associated safety equipment) on the last production facility on the OCS that do not connect to a transporter-operated pipeline on the OCS before crossing into State waters;

(3) Producer-operated pipelines connecting production facilities on the OCS;

(4) Transporter-operated pipelines that DOI and DOT have agreed are to be regulated as DOI pipelines; and

(5) All OCS pipelines not subject to regulation under 49 CFR parts 192 and 195.

DOT pipelines include:

(1) Transporter-operated pipelines currently operated under DOT requirements governing design, construction, maintenance, and operation;

(2) Producer-operated pipelines that DOI and DOT have agreed are to be regulated under DOT requirements governing design, construction, maintenance, and operation; and

(3) Producer-operated pipelines downstream (generally shoreward) of the last valve (including associated safety equipment) on the last production facility on the OCS that do not connect to a transporter-operated pipeline on the OCS before crossing into State waters and that are regulated under 49 CFR parts 192 and 195.

Lease term pipelines are those pipelines owned and operated by a lessee or operator and are wholly contained within the boundaries of a single lease, unitized leases, or contiguous (not cornering) leases of that lessee or operator.

Out-of-service pipelines are those pipelines that have not been used to transport oil, natural gas, sulfur, or produced water for more than 30 consecutive days.

Pipelines are the piping, risers, and appurtenances installed for the purpose of transporting oil, gas, sulphur, and produced water. (Piping confined to a production platform or structure is covered in Subpart H, Production Safety Systems, and is excluded from this subpart.)

Production facilities means OCS facilities that receive hydrocarbon production either directly from wells or from other facilities that produce hydrocarbons from wells. They may include processing equipment for treating the production or separating it into its various liquid and gaseous components before transporting it to shore.

Right-of-way pipelines are those pipelines which—

(1) Are contained within the boundaries of a single lease or group of unitized leases but are not owned and operated by the lessee or operator of that lease or unit,

(2) Are contained within the boundaries of contiguous (not cornering) leases which do not have a common lessee or operator,

(3) Are contained within the boundaries of contiguous (not cornering) leases which have a common lessee or operator but are not owned and operated by that common lessee or operator, or

(4) Cross any portion of an unleased block(s).

§ 250.1002 Design requirements for DOI pipelines.

(a) The internal design pressure for steel pipe shall be determined in accordance with the following formula:

$$P = \frac{2(S)(t)}{D} \times (F)(E)(T)$$

For limitations see section 841.121 of American National Standards Institute (ANSI) B31.8 (as incorporated by reference in § 250.198) where—

P = Internal design pressure in pounds per square inch (psi).

S = Specified minimum yield strength, in psi, stipulated in the specification under which the pipe was purchased from the manufacturer or determined in accordance with section 811.253(h) of ANSI B31.8.

D = Nominal outside diameter of pipe, in inches.

t = Nominal wall thickness, in inches.
F = Construction design factor of 0.72 for the submerged component and 0.60 for the riser component.
E = Longitudinal joint factor obtained from Table 841.1B of ANSI B31.8 (see also section 811.253(d)).
T = Temperature derating factor obtained from Table 841.1C of ANSI B31.8.

(b)(1) Pipeline valves shall meet the minimum design requirements of American Petroleum Institute (API) Spec 6A (as incorporated by reference in § 250.198), API Spec 6D (as incorporated by reference in § 250.198), or the equivalent. A valve may not be used under operating conditions that exceed the applicable pressure-temperature ratings contained in those standards.

(2) Pipeline flanges and flange accessories shall meet the minimum design requirements of ANSI B16.5, API Spec 6A, or the equivalent (as incorporated by reference in 30 CFR 250.198). Each flange assembly must be able to withstand the maximum pressure at which the pipeline is to be operated and to maintain its physical and chemical properties at any temperature to which it is anticipated that it might be subjected in service.

(3) Pipeline fittings shall have pressure-temperature ratings based on stresses for pipe of the same or equivalent material. The actual bursting strength of the fitting shall at least be equal to the computed bursting strength of the pipe.

(4) If you are installing pipelines constructed of unbonded flexible pipe, you must design them according to the standards and procedures of API Spec 17J, as incorporated by reference in 30 CFR 250.198.

(5) You must design pipeline risers for tension leg platforms and other floating platforms according to the design standards of API RP 2RD, Design of Risers for Floating Production Systems (FPSs) and Tension Leg Platforms (TLPs) (as incorporated by reference in § 250.198).

(c) The maximum allowable operating pressure (MAOP) shall not exceed the least of the following:

(1) Internal design pressure of the pipeline, valves, flanges, and fittings;

(2) Eighty percent of the hydrostatic pressure test (HPT) pressure of the pipeline; or

(3) If applicable, the MAOP of the receiving pipeline when the proposed pipeline and the receiving pipeline are connected at a subsea tie-in.

(d) If the maximum source pressure (MSP) exceeds the pipeline's MAOP, you must install and maintain redundant safety devices meeting the requirements of section A9 of API RP 14C (as incorporated by reference in § 250.198). Pressure safety valves (PSV) may be used only after a determination by the Regional Supervisor that the pressure will be relieved in a safe and pollution-free manner. The setting level at which the primary and redundant safety equipment actuates shall not exceed the pipeline's MAOP.

(e) Pipelines shall be provided with an external protective coating capable of minimizing underfilm corrosion and a cathodic protection system designed to mitigate corrosion for at least 20 years.

(f) Pipelines shall be designed and maintained to mitigate any reasonably anticipated detrimental effects of water currents, storm or ice scouring, soft bottoms, mud slides, earthquakes, subfreezing temperatures, and other environmental factors.

§ 250.1003 Installation, testing, and repair requirements for DOI pipelines.

(a)(1) Pipelines greater than 8⅝ inches in diameter and installed in water depths of less than 200 feet shall be buried to a depth of at least 3 feet unless they are located in pipeline congested areas or seismically active areas as determined by the Regional Supervisor. Nevertheless, the Regional Supervisor may require burial of any pipeline if the Regional Supervisor determines that such burial will reduce the likelihood of environmental degradation or that the pipeline may constitute a hazard to trawling operations or other uses. A trawl test or diver survey may be required to determine whether or not pipeline burial is necessary or to determine whether a pipeline has been properly buried.

(2) Pipeline valves, taps, tie-ins, capped lines, and repaired sections that could be obstructive shall be provided with at least 3 feet of cover unless the Regional Supervisor determines that

such items present no hazard to trawling or other operations. A protective device may be used to cover an obstruction in lieu of burial if it is approved by the Regional Supervisor prior to installation.

(3) Pipelines shall be installed with a minimum separation of 18 inches at pipeline crossings and from obstructions.

(4) Pipeline risers installed after April 1, 1988, shall be protected from physical damage that could result from contact with floating vessels. Riser protection on pipelines installed on or before April 1, 1988, may be required when the Regional Supervisor determines that significant damage potential exists.

(b)(1) Pipelines shall be pressure tested with water at a stabilized pressure of at least 1.25 times the MAOP for at least 8 hours when installed, relocated, uprated, or reactivated after being out-of-service for more than 1 year.

(2) Prior to returning a pipeline to service after a repair, the pipeline shall be pressure tested with water or processed natural gas at a minimum stabilized pressure of at least 1.25 times the MAOP for at least 2 hours.

(3) Pipelines shall not be pressure tested at a pressure which produces a stress in the pipeline in excess of 95 percent of the specified minimum-yield strength of the pipeline. A temperature recorder measuring test fluid temperature synchronized with a pressure recorder along with deadweight test readings shall be employed for all pressure testing. When a pipeline is pressure tested, no observable leakage shall be allowed. Pressure gauges and recorders shall be of sufficient accuracy to verify that leakage is not occurring.

(4) The Regional Supervisor may require pressure testing of pipelines to verify the integrity of the system when the Regional Supervisor determines that there is a reasonable likelihood that the line has been damaged or weakened by external or internal conditions.

(c) When a pipeline is repaired utilizing a clamp, the clamp shall be a full encirclement clamp able to withstand the anticipated pipeline pressure.

§ 250.1004 Safety equipment requirements for DOI pipelines.

(a) The lessee shall ensure the proper installation, operation, and maintenance of safety devices required by this section on all incoming, departing, and crossing pipelines on platforms.

(b)(1)(i) Incoming pipelines to a platform shall be equipped with a flow safety valve (FSV).

(ii) For sulphur operations, incoming pipelines delivering gas to the power plant platform may be equipped with high- and low-pressure sensors (PSHL), which activate audible and visual alarms in lieu of requirements in paragraph (b)(1)(i) of this section. The PSHL shall be set at 15 percent or 5 psi, whichever is greater, above and below the normal operating pressure range.

(2) Incoming pipelines boarding a production platform shall be equipped with an automatic shutdown valve (SDV) immediately upon boarding the platform. The SDV shall be connected to the automatic- and remote-emergency shut-in systems.

(3) Departing pipelines receiving production from production facilities shall be protected by high- and low-pressure sensors (PSHL) to directly or indirectly shut in all production facilities. The PSHL shall be set not to exceed 15 percent above and below the normal operating pressure range. However, high pilots shall not be set above the pipeline's MAOP.

(4) Crossing pipelines on production or manned nonproduction platforms which do not receive production from the platform shall be equipped with an SDV immediately upon boarding the platform. The SDV shall be operated by a PSHL on the departing pipelines and connected to the platform automatic- and remote-emergency shut-in systems.

(5) The Regional Supervisor may require that oil pipelines be equipped with a metering system to provide a continuous volumetric comparison between the input to the line at the structure(s) and the deliveries onshore. The system shall include an alarm system and shall be of adequate sensitivity to detect variations between input and discharge volumes. In lieu of the foregoing, a system capable of detecting leaks in the pipeline may be

substituted with the approval of the Regional Supervisor.

(6) Pipelines incoming to a subsea tie-in shall be equipped with a block valve and an FSV. Bidirectional pipelines connected to a subsea tie-in shall be equipped with only a block valve.

(7) Gas-lift or water-injection pipelines on unmanned platforms need only be equipped with an FSV installed immediately upstream of each casing annulus or the first inlet valve on the christmas tree.

(8) Bidirectional pipelines shall be equipped with a PSHL and an SDV immediately upon boarding each platform.

(9) Pipeline pumps must comply with section A7 of API RP 14C (as incorporated by reference in § 250.198). The setting levels for the PSHL devices are specified in paragraph (b)(3) of this section.

(c) If the required safety equipment is rendered ineffective or removed from service on pipelines which are continued in operation, an equivalent degree of safety shall be provided. The safety equipment shall be identified by the placement of a sign on the equipment stating that the equipment is rendered ineffective or removed from service.

§ 250.1005 Inspection requirements for DOI pipelines.

(a) Pipeline routes shall be inspected at time intervals and methods prescribed by the Regional Supervisor for indication of pipeline leakage. The results of these inspections shall be retained for at least 2 years and be made available to the Regional Supervisor upon request.

(b) When pipelines are protected by rectifiers or anodes for which the initial life expectancy of the cathodic protection system either cannot be calculated or calculations indicate a life expectancy of less than 20 years, such pipelines shall be inspected annually by taking measurements of pipe-to-electrolyte potential.

§ 250.1006 How must I decommission and take out of service a DOI pipeline?

(a) The requirements for decommissioning pipelines are listed in § 250.1750 through § 250.1754.

(b) The table in this section lists the requirements if you take a DOI pipeline out of service:

If you have the pipeline out of service for:	Then you must:
(1) 1 year or less,	Isolate the pipeline with a blind flange or a closed block valve at each end of the pipeline.
(2) More than 1 year but less than 5 years,	Flush and fill the pipeline with inhibited seawater.
(3) 5 or more years,	Decommission the pipeline according to §§ 250.1750–250.1754.

§ 250.1007 What to include in applications.

(a) Applications to install a lease term pipeline or for a pipeline right-of-way grant must be submitted in quadruplicate to the Regional Supervisor. Right-of-way grant applications must include an identification of the operator of the pipeline. Each application must include the following:

(1) Plat(s) drawn to a scale specified by the Regional Supervisor showing major features and other pertinent data including area, lease, and block designations; water depths; route; length in Federal waters; width of right-of-way, if applicable; connecting facilities; size; product(s) to be transported with anticipated gravity or density; burial depth; direction of flow; X–Y coordinates of key points; and the location of other pipelines that will be connected to or crossed by the proposed pipeline(s). The initial and terminal points of the pipeline and any continuation into State jurisdiction shall be accurately located even if the pipeline is to have an onshore terminal point. A plat(s) submitted for a pipeline right-of-way shall bear a signed certificate upon its face by the engineer who made the map that certifies that the right-of-way is accurately represented upon the map and that the design characteristics of the associated pipeline are in accordance with applicable regulations.

(2) A schematic drawing showing the size, weight, grade, wall thickness, and type of line pipe and risers; pressure-regulating devices (including back-pressure regulators); sensing devices with associated pressure-control lines; PSV's and settings; SDV's, FSV's, and block valves; and manifolds. This schematic drawing shall also show input source(s), e.g., wells, pumps, compressors, and vessels; maximum input pressure(s); the rated working pressure, as specified by ANSI or API, of all valves, flanges, and fittings; the initial receiving equipment and its rated working pressure; and associated safety equipment and pig launchers and receivers. The schematic must indicate the point on the OCS at which operating responsibility transfers between a producing operator and a transporting operator.

(3) General information as follows:

(i) Description of cathodic protection system. If pipeline anodes are to be used, specify the type, size, weight, number, spacing, and anticipated life;

(ii) Description of external pipeline coating system;

(iii) Description of internal protective measures;

(iv) Specific gravity of the empty pipe;

(v) MSP;

(vi) MAOP and calculations used in its determination;

(vii) Hydrostatic test pressure, medium, and period of time that the line will be tested;

(viii) MAOP of the receiving pipeline or facility,

(ix) Proposed date for commencing installation and estimated time for construction; and

(x) Type of protection to be afforded crossing pipelines, subsea valves, taps, and manifold assemblies, if applicable.

(4) A description of any additional design precautions you took to enable the pipeline to withstand the effects of water currents, storm or ice scouring, soft bottoms, mudslides, earthquakes, permafrost, and other environmental factors.

(i) If you propose to use unbonded flexible pipe, your application must include:

(A) The manufacturer's design specification sheet;

(B) The design pressure (psi);

(C) An identification of the design standards you used; and

(D) A review by a third-party independent verification agent (IVA) according to API Spec 17J (as incorporated by reference in § 250.198), if applicable.

(ii) If you propose to use one or more pipeline risers for a tension leg platform or other floating platform, your application must include:

(A) The design fatigue life of the riser, with calculations, and the fatigue point at which you would replace the riser;

(B) The results of your vortex-induced vibration (VIV) analysis;

(C) An identification of the design standards you used; and

(D) A description of any necessary mitigation measures such as the use of helical strakes or anchoring devices.

(5) The application shall include a shallow hazards survey report and, if required by the Regional Director, an archaeological resource report that covers the entire length of the pipeline. A shallow hazards analysis may be included in a lease term pipeline application in lieu of the shallow hazards survey report with the approval of the Regional Director. The Regional Director may require the submission of the data upon which the report or analysis is based.

(b) Applications to modify an approved lease term pipeline or right-of-way grant shall be submitted in quadruplicate to the Regional Supervisor. These applications need only address those items in the original application affected by the proposed modification.

§ 250.1008 Reports.

(a) The lessee, or right-of-way holder, shall notify the Regional Supervisor at least 48 hours prior to commencing the installation or relocation of a pipeline or conducting a pressure test on a pipeline.

(b) The lessee or right-of-way holder shall submit a report to the Regional Supervisor within 90 days after completion of any pipeline construction. The report, submitted in triplicate, shall include an ''as-built'' location plat drawn to a scale specified by the Regional Supervisor showing the location, length in Federal waters, and X–

Y coordinates of key points; the completion date; the proposed date of first operation; and the HPT data. Pipeline right-of-way ''as-built'' location plats shall be certified by a registered engineer or land surveyor and show the boundaries of the right-of-way as granted. If there is a substantial deviation of the pipeline route as granted in the right-of-way, the report shall include a discussion of the reasons for such deviation.

(c) The lessee or right-of-way holder shall report to the Regional Supervisor any pipeline taken out of service. If the period of time in which the pipeline is out of service is greater than 60 days, written confirmation is also required.

(d) The lessee or right-of-way holder shall report to the Regional Supervisor when any required pipeline safety equipment is taken out of service for more than 12 hours. The Regional Supervisor shall be notified when the equipment is returned to service.

(e) The lessee or right-of-way holder must notify the Regional Supervisor before the repair of any pipeline or as soon as practicable. Your notification must be accompanied by payment of the service fee listed in §250.125. You must submit a detailed report of the repair of a pipeline or pipeline component to the Regional Supervisor within 30 days after the completion of the repairs. In the report you must include the following:

(1) Description of repairs;

(2) Results of pressure test; and

(3) Date returned to service.

(f) The Regional Supervisor may require that DOI pipeline failures be analyzed and that samples of a failed section be examined in a laboratory to assist in determining the cause of the failure. A comprehensive written report of the information obtained shall be submitted by the lessee to the Regional Supervisor as soon as available.

(g) If the effects of scouring, soft bottoms, or other environmental factors are observed to be detrimentally affecting a pipeline, a plan of corrective action shall be submitted to the Regional Supervisor for approval within 30 days of the observation. A report of the remedial action taken shall be submitted to the Regional Supervisor by the lessee or right-of-way holder within 30 days after completion.

(h) The results and conclusions of measurements of pipe-to-electrolyte potential measurements taken annually on DOI pipelines in accordance with §250.1005(b) of this part shall be submitted to the Regional Supervisor by the lessee before March of each year.

§250.1009 Requirements to obtain pipeline right-of-way grants.

(a) In addition to applicable requirements of §§250.1000 through 250.1008 and other regulations of this part, regulations of the Department of Transportation, Department of the Army, and the Federal Energy Regulatory Commission (FERC), when a pipeline qualifies as a right-of-way pipeline, the pipeline shall not be installed until a right-of-way has been requested and granted in accordance with this subpart. The right-of-way grant is issued pursuant to 43 U.S.C. 1334(e) and may be acquired and held only by citizens and nationals of the United States; aliens lawfully admitted for permanent residence in the United States as defined in 8 U.S.C. 1101(a)(20); private, public, or municipal corporations organized under the laws of the United States or territory thereof, the District of Columbia, or of any State; or associations of such citizens, nationals, resident aliens, or private, public, or municipal corporations, States, or political subdivisions of States.

(b) A right-of-way shall include the site on which the pipeline and associated structures are to be situated, shall not exceed 200 feet in width unless safety and environmental factors during construction and operation of the associated right-of-way pipeline require a greater width, and shall be limited to the area reasonably necessary for pumping stations or other accessory structures.

§250.1010 General requirements for pipeline right-of-way holders.

An applicant, by accepting a right-of-way grant, agrees to comply with the following requirements:

(a) The right-of-way holder shall comply with applicable laws and regulations and the terms of the grant.

(b) The granting of the right-of-way shall be subject to the express condition that the rights granted shall not prevent or interfere in any way with the management, administration, or the granting of other rights by the United States, either prior or subsequent to the granting of the right-of-way. Moreover, the holder agrees to allow the occupancy and use by the United States, its lessees, or other right-of-way holders, of any part of the right-of-way grant not actually occupied or necessarily incident to its use for any necessary operations involved in the management, administration, or the enjoyment of such other granted rights.

(c) If the right-of-way holder discovers any archaeological resource while conducting operations within the right-of-way, the right-of-way holder shall immediately halt operations within the area of the discovery and report the discovery to the Regional Director. If investigations determine that the resource is significant, the Regional Director will inform the right-of-way holder how to protect it.

(d) The Regional Supervisor shall be kept informed at all times of the right-of-way holder's address and, if a corporation, the address of its principal place of business and the name and address of the officer or agent authorized to be served with process.

(e) The right-of-way holder shall pay the United States or its lessees or right-of-way holders, as the case may be, the full value of all damages to the property of the United States or its said lessees or right-of-way holders and shall indemnify the United States against any and all liability for damages to life, person, or property arising from the occupation and use of the area covered by the right-of-way grant.

(f)(1) The holder of a right-of-way oil or gas pipeline shall transport or purchase oil or natural gas produced from submerged lands in the vicinity of the pipeline without discrimination and in such proportionate amounts as the FERC may, after a full hearing with due notice thereof to the interested parties, determine to be reasonable, taking into account, among other things, conservation and the prevention of waste.

(2) Unless otherwise exempted by FERC pursuant to 43 U.S.C. 1334(f)(2), the holder shall:

(i) Provide open and nondiscriminatory access to a right-of-way pipeline to both owner and nonowner shippers, and

(ii) Comply with the provisions of 43 U.S.C. 1334(f)(1)(B) under which FERC may order an expansion of the throughput capacity of a right-of-way pipeline which is approved after September 18, 1978, and which is not located in the Gulf of Mexico or the Santa Barbara Channel.

(g) The area covered by a right-of-way and all improvements thereon shall be kept open at all reasonable times for inspection by the Bureau of Safety and Environmental Enforcement (BSEE). The right-of-way holder shall make available all records relative to the design, construction, operation, maintenance and repair, and investigations on or with regard to such area.

(h) Upon relinquishment, forfeiture, or cancellation of a right-of-way grant, the right-of-way holder shall remove all platforms, structures, domes over valves, pipes, taps, and valves along the right-of-way. All of these improvements shall be removed by the holder within 1 year of the effective date of the relinquishment, forfeiture, or cancellation unless this requirement is waived in writing by the Regional Supervisor. All such improvements not removed within the time provided herein shall become the property of the United States but that shall not relieve the holder of liability for the cost of their removal or for restoration of the site. Furthermore, the holder is responsible for accidents or damages which might occur as a result of failure to timely remove improvements and equipment and restore a site. An application for relinquishment of a right-of-way grant shall be filed in accordance with § 250.1019 of this part.

§ 250.1011 [Reserved]

§ 250.1012 Required payments for pipeline right-of-way holders.

(a) You must pay ONRR, under the regulations at 30 CFR part 1218, an annual rental of $15 for each statute mile,

or part of a statute mile, of the OCS that your pipeline right-of-way crosses.

(b) This paragraph applies to you if you obtain a pipeline right-of-way that includes a site for an accessory to the pipeline, including but not limited to a platform. This paragraph also applies if you apply to modify a right-of-way to change the site footprint. In either case, you must pay the amounts shown in the following table.

If . . .	Then . . .
(1) Your accessory site is located in water depths of less than 200 meters;	You must pay ONRR, under the regulations at 30 CFR part 1218, a rental of $5 per acre per year with a minimum of $450 per year. The area subject to annual rental includes the areal extent of anchor chains, pipeline risers, and other facilities and devices associated with the accessory.
(2) Your accessory site is located in water depths of 200 meters or greater;	You must pay ONRR, under the regulations at 30 CFR part 1218, a rental of $7.50 per acre per year with a minimum of $675 per year. The area subject to annual rental includes the areal extent of anchor chains, pipeline risers, and other facilities and devices associated with the accessory.

(c) If you hold a pipeline right-of-way that includes a site for an accessory to your pipeline and you are not covered by paragraph (b) of this section, then you must pay ONRR, under the regulations at 30 CFR part 1218, an annual rental of $75 for use of the affected area.

(d) You may make the rental payments required by paragraphs (a), (b)(1), (b)(2), and (c) of this section on an annual basis, for a 5-year period, or for multiples of 5 years. You must make the first payment at the time you submit the pipeline right-of-way application. You must make all subsequent payments before the respective time periods begin.

(e) *Late payments.* An interest charge will be assessed on unpaid and underpaid amounts from the date the amounts are due, in accordance with the provisions found in 30 CFR 1218.54. If you fail to make a payment that is late after written notice from ONRR, BSEE may initiate cancellation of the right-of-use grant and easement under § 250.1013.

§ 250.1013 Grounds for forfeiture of pipeline right-of-way grants.

Failure to comply with the Act, regulations, or any conditions of the right-of-way grant prescribed by the Regional Supervisor shall be grounds for forfeiture of the grant in an appropriate judicial proceeding instituted by the United States in any U.S. District Court having jurisdiction in accordance with the provisions of 43 U.S.C. 1349.

§ 250.1014 When pipeline right-of-way grants expire.

Any right-of-way granted under the provisions of this subpart remains in effect as long as the associated pipeline is properly maintained and used for the purpose for which the grant was made, unless otherwise expressly stated in the grant. Temporary cessation or suspension of pipeline operations shall not cause the grant to expire. However, if the purpose of the grant ceases to exist or use of the associated pipeline is permanently discontinued for any reason, the grant shall be deemed to have expired.

§ 250.1015 Applications for pipeline right-of-way grants.

(a) You must submit an original and three copies of an application for a new or modified pipeline ROW grant to the Regional Supervisor. The application must address those items required by § 250.1007(a) or (b) of this subpart, as applicable. It must also state the primary purpose for which you will use the ROW grant. If the ROW has been used before the application is made, the application must state the date such use began, by whom, and the date the applicant obtained control of the improvement. When you file your application, you must pay the rental required under § 250.1012 of this subpart, as well as the service fees listed in § 250.125 of this part for a pipeline ROW grant to install a new pipeline, or to convert an existing lease term pipeline into a

ROW pipeline. An application to modify an approved ROW grant must be accompanied by the additional rental required under § 250.1012 if applicable. You must file a separate application for each ROW.

(b)(1) An individual applicant shall submit a statement of citizenship or nationality with the application. An applicant who is an alien lawfully admitted for permanent residence in the United States shall also submit evidence of such status with the application.

(2) If the applicant is an association (including a partnership), the application shall also be accompanied by a certified copy of the articles of association or appropriate reference to a copy of such articles already filed with BSEE and a statement as to any subsequent amendments.

(3) If the applicant is a corporation, the application shall also include the following:

(i) A statement certified by the Secretary or Assistant Secretary of the corporation with the corporate seal showing the State in which it is incorporated and the name of the person(s) authorized to act on behalf of the corporation, or

(ii) In lieu of such a statement, an appropriate reference to statements or records previously submitted to BSEE (including material submitted in compliance with prior regulations).

(c) The application shall include a list of every lessee and right-of-way holder whose lease or right-of-way is intersected by the proposed right-of-way. The application shall also include a statement that a copy of the application has been sent by registered or certified mail to each such lessee or right-of-way holder.

(d) The applicant shall include in the application an original and three copies of a completed Nondiscrimination in Employment form (YN 3341–1 dated July 1982). These forms are available at each BSEE regional office.

(e) Notwithstanding the provisions of paragraph (a) of this section, the requirements to pay filing fees under that paragraph are suspended until January 3, 2006.

§ 250.1016 Granting pipeline rights-of-way.

(a) In considering an application for a right-of-way, the Regional Supervisor shall consider the potential effect of the associated pipeline on the human, marine, and coastal environments, life (including aquatic life), property, and mineral resources in the entire area during construction and operational phases. The Regional Supervisor shall prepare an environmental analysis in accordance with applicable policies and guidelines. To aid in the evaluation and determinations, the Regional Supervisor may request and consider views and recommendations of appropriate Federal Agencies, hold public meetings after appropriate notice, and consult, as appropriate, with State agencies, organizations, industries, and individuals. Before granting a pipeline right-of-way, the Regional Supervisor shall give consideration to any recommendation by the intergovernmental planning program, or similar process, for the assessment and management of OCS oil and gas transportation.

(b) Should the proposed route of a right-of-way adjoin and subsequently cross any State submerged lands, the applicant shall submit evidence to the Regional Supervisor that the State(s) so affected has reviewed the application. The applicant shall also submit any comment received as a result of that review. In the event of a State recommendation to relocate the proposed route, the Regional Supervisor may consult with the appropriate State officials.

(c)(1) The applicant shall submit photocopies of return receipts to the Regional Supervisor that indicate the date that each lessee or right-of-way holder referenced in § 250.1015(c) of this part has received a copy of the application. Letters of no objection may be submitted in lieu of the return receipts.

(2) The Regional Supervisor shall not take final action on a right-of-way application until the Regional Supervisor is satisfied that each such lessee or right-of-way holder has been afforded at least 30 days from the date determined in paragraph (c)(1) of this section in which to submit comments.

(d) If a proposed right-of-way crosses any lands not subject to disposition by mineral leasing or restricted from oil and gas activities, it shall be rejected by the Regional Supervisor unless the Federal Agency with jurisdiction over such excluded or restricted area gives its consent to the granting of the right-of-way. In such case, the applicant, upon a request filed within 30 days after receipt of the notification of such rejection, shall be allowed an opportunity to eliminate the conflict.

(e)(1) If the application and other required information are found to be in compliance with applicable laws and regulations, the right-of-way may be granted. The Regional Supervisor may prescribe, as conditions to the right-of-way grant, stipulations necessary to protect human, marine, and coastal environments, life (including aquatic life), property, and mineral resources located on or adjacent to the right-of-way.

(2) If the Regional Supervisor determines that a change in the application should be made, the Regional Supervisor shall notify the applicant that an amended application shall be filed subject to stipulated changes. The Regional Supervisor shall determine whether the applicant shall deliver copies of the amended application to other parties for comment.

(3) A decision to reject an application shall be in writing and shall state the reasons for the rejection.

§ 250.1017 Requirements for construction under pipeline right-of-way grants.

(a) Failure to construct the associated right-of-way pipeline within 5 years of the date of the granting of a right-of-way shall cause the grant to expire.

(b)(1) A right-of-way holder shall ensure that the right-of-way pipeline is constructed in a manner that minimizes deviations from the right-of-way as granted.

(2) If, after constructing the right-of-way pipeline, it is determined that a deviation from the proposed right-of-way as granted has occurred, the right-of-way holder shall—

(i) Notify the operators of all leases and holders of all right-of-way grants in which a deviation has occurred, and within 60 days of the date of the acceptance by the Regional Supervisor of the completion of pipeline construction report, provide the Regional Supervisor with evidence of such notification; and

(ii) Relinquish any unused portion of the right-of-way.

(3) Substantial deviation of a right-of-way pipeline as constructed from the proposed right-of-way as granted may be grounds for forfeiture of the right-of-way.

(c) If the Regional Supervisor determines that a significant change in conditions has occurred subsequent to the granting of a right-of-way but prior to the commencement of construction of the associated pipeline, the Regional Supervisor may suspend or temporarily prohibit the commencement of construction until the right-of-way grant is modified to the extent necessary to address the changed conditions.

§ 250.1018 Assignment of pipeline right-of-way grants.

(a) Assignment may be made of a right-of-way grant, in whole or of any lineal segment thereof, subject to the approval of the Regional Supervisor. An application for approval of an assignment of a right-of-way or of a lineal segment thereof, shall be filed in triplicate with the Regional Supervisor.

(b) Any application for approval for an assignment, in whole or in part, of any right, title, or interest in a right-of-way grant must be accompanied by the same showing of qualifications of the assignees as is required of an applicant for a ROW in § 250.1015 of this subpart and must be supported by a statement that the assignee agrees to comply with and to be bound by the terms and conditions of the ROW grant. The assignee must satisfy the bonding requirements in 30 CFR 550.1011. No transfer will be recognized unless and until it is first approved, in writing, by the Regional Supervisor. The assignee must pay the service fee listed in § 250.125 of this part for a pipeline ROW assignment request.

(c) Notwithstanding the provisions of paragraph (b) of this section, the requirement to pay a filing fee under

that paragraph is suspended until January 3, 2006.

§ 250.1019 Relinquishment of pipeline right-of-way grants.

A right-of-way grant or a portion thereof may be surrendered by the holder by filing a written relinquishment in triplicate with the Regional Supervisor. It must contain those items addressed in §§ 250.1751 and 250.1752 of this part. A relinquishment shall take effect on the date it is filed subject to the satisfaction of all outstanding debts, fees, or fines and the requirements in § 250.1010(h) of this part.

Subpart K—Oil and Gas Production Requirements

GENERAL

§ 250.1150 What are the general reservoir production requirements?

You must produce wells and reservoirs at rates that provide for economic development while maximizing ultimate recovery and without adversely affecting correlative rights.

WELL TESTS AND SURVEYS

§ 250.1151 How often must I conduct well production tests?

(a) You must conduct well production tests as shown in the following table:

You must conduct:	And you must submit to the Regional Supervisor:
(1) A well-flow potential test on all new, recompleted, or reworked well completions within 30 days of the date of first continuous production,	Form BSEE–0126, Well Potential Test Report, along with the supporting data as listed in the table in § 250.1167, within 15 days after the end of the test period.
(2) At least one well test during a calendar half-year for each producing completion,	Results on Form BSEE–0128, Semiannual Well Test Report, of the most recent well test obtained. This must be submitted within 45 days after the end of the calendar half-year.

(b) You may request an extension from the Regional Supervisor if you cannot submit the results of a semiannual well test within the specified time.

(c) You must submit to the Regional Supervisor an original and two copies of the appropriate form required by paragraph (a) of this section; one of the copies of the form must be a public information copy in accordance with §§ 250.186 and 250.197, and marked ''Public Information.'' You must submit two copies of the supporting information as listed in the table in § 250.1167 with form BSEE–0126.

§ 250.1152 How do I conduct well tests?

(a) When you conduct well tests you must:

(1) Recover fluid from the well completion equivalent to the amount of fluid introduced into the formation during completion, recompletion, reworking, or treatment operations before you start a well test;

(2) Produce the well completion under stabilized rate conditions for at least 6 consecutive hours before beginning the test period;

(3) Conduct the test for at least 4 consecutive hours;

(4) Adjust measured gas volumes to the standard conditions of 14.73 pounds per square inch absolute (psia) and 60 °F for all tests; and

(5) Use measured specific gravity values to calculate gas volumes.

(b) You may request approval from the Regional Supervisor to conduct a well test using alternative procedures if you can demonstrate test reliability under those procedures.

(c) The Regional Supervisor may also require you to conduct the following tests and complete them within a specified time period:

(1) A retest or a prolonged test of a well completion if it is determined to be necessary for the proper establishment of a Maximum Production Rate (MPR) or a Maximum Efficient Rate (MER); and

(2) A multipoint back-pressure test to determine the theoretical open-flow potential of a gas well.

(d) A BSEE representative may witness any well test. Upon request, you must provide advance notice to the Regional Supervisor of the times and dates of well tests.

§§ 250.1153–250.1155 [Reserved]

APPROVALS PRIOR TO PRODUCTION

§ 250.1156 What steps must I take to receive approval to produce within 500 feet of a unit or lease line?

(a) You must obtain approval from the Regional Supervisor before you start producing from a reservoir within a well that has any portion of the completed interval less than 500 feet from a unit or lease line. Submit to BSEE the service fee listed in § 250.125, according to the instructions in § 250.126, and the supporting information, as listed in the table in § 250.1167, with your request. The Regional Supervisor will determine whether approval of your request will maximize ultimate recovery, avoid the waste of natural resources, or protect correlative rights. You do not need to obtain approval if the adjacent leases or units have the same unit, lease (record title and operating rights), and royalty interests as the lease or unit you plan to produce. You do not need to obtain approval if the adjacent block is unleased.

(b) You must notify the operator(s) of adjacent property(ies) that are within 500 feet of the completion, if the adjacent acreage is a leased block in the Federal OCS. You must provide the Regional Supervisor proof of the date of the notification. The operators of the adjacent properties have 30 days after receiving the notification to provide the Regional Supervisor letters of acceptance or objection. If an adjacent operator does not respond within 30 days, the Regional Supervisor will presume there are no objections and proceed with a decision. The notification must include:

(1) The well name;

(2) The rectangular coordinates (x, y) of the location of the top and bottom of the completion or target completion referenced to the North American Datum 1983, and the subsea depths of the top and bottom of the completion or target completion;

(3) The distance from the completion or target completion to the unit or lease line at its nearest point; and

(4) A statement indicating whether or not it will be a high-capacity completion having a perforated or open hole interval greater than 150 feet measured depth.

§ 250.1157 How do I receive approval to produce gas-cap gas from an oil reservoir with an associated gas cap?

(a) You must request and receive approval from the Regional Supervisor:

(1) Before producing gas-cap gas from each completion in an oil reservoir that is known to have an associated gas cap.

(2) To continue production from a well if the oil reservoir is not initially known to have an associated gas cap, but the oil well begins to show characteristics of a gas well.

(b) For either request, you must submit the service fee listed in § 250.125, according to the instructions in § 250.126, and the supporting information, as listed in the table in § 250.1167, with your request.

(c) The Regional Supervisor will determine whether your request maximizes ultimate recovery.

§ 250.1158 How do I receive approval to downhole commingle hydrocarbons?

(a) Before you perforate a well, you must request and receive approval from the Regional Supervisor to commingle hydrocarbons produced from multiple reservoirs within a common wellbore. The Regional Supervisor will determine whether your request maximizes ultimate recovery. You must include the service fee listed in § 250.125, according to the instructions in § 250.126, and the supporting information, as listed in the table in § 250.1167, with your request.

(b) If one or more of the reservoirs proposed for commingling is a competitive reservoir, you must notify the operators of all leases that contain the reservoir that you intend to downhole commingle the reservoirs. Your request for approval of downhole commingling must include proof of the date of this notification. The notified operators have 30 days after notification to provide the Regional Supervisor with letters of acceptance or objection. If the notified operators do not respond within the specified period, the Regional Supervisor will assume the operators

do not object and proceed with a decision.

PRODUCTION RATES

§ 250.1159 May the Regional Supervisor limit my well or reservoir production rates?

(a) The Regional Supervisor may set a Maximum Production Rate (MPR) for a producing well completion, or set a Maximum Efficient Rate (MER) for a reservoir, or both, if the Regional Supervisor determines that an excessive production rate could harm ultimate recovery. An MPR or MER will be based on well tests and any limitations imposed by well and surface equipment, sand production, reservoir sensitivity, gas-oil and water-oil ratios, location of perforated intervals, and prudent operating practices.

(b) If the Regional Supervisor sets an MPR for a producing well completion and/or an MER for a reservoir, you may not exceed those rates except due to normal variations and fluctuations in production rates as set by the Regional Supervisor.

FLARING, VENTING, AND BURNING HYDROCARBONS

§ 250.1160 When may I flare or vent gas?

(a) You must request and receive approval from the Regional Supervisor to flare or vent natural gas at your facility, except in the following situations:

Condition	Additional requirements
(1) When the gas is lease use gas (produced natural gas which is used on or for the benefit of lease operations such as gas used to operate production facilities) or is used as an additive necessary to burn waste products, such as H_2S.	The volume of gas flared or vented may not exceed the amount necessary for its intended purpose. Burning waste products may require approval under other regulations.
(2) During the restart of a facility that was shut in because of weather conditions, such as a hurricane.	Flaring or venting may not exceed 48 cumulative hours without Regional Supervisor approval.
(3) During the blow down of transportation pipelines downstream of the royalty meter.	(i) You must report the location, time, flare/vent volume, and reason for flaring/venting to the Regional Supervisor in writing within 72 hours after the incident is over. (ii) Additional approval may be required under subparts H and J of this part.
(4) During the unloading or cleaning of a well, drill-stem testing, production testing, other well-evaluation testing, or the necessary blow down to perform these procedures.	You may not exceed 48 cumulative hours of flaring or venting per unloading or cleaning or testing operation on a single completion without Regional Supervisor approval.
(5) When properly working equipment yields flash gas (natural gas released from liquid hydrocarbons as a result of a decrease in pressure, an increase in temperature, or both) from storage vessels or other low-pressure production vessels, and you cannot economically recover this flash gas.	You may not flare or vent more than an average of 50 MCF per day during any calendar month without Regional Supervisor approval.
(6) When the equipment works properly but there is a temporary upset condition, such as a hydrate or paraffin plug.	(i) For oil-well gas and gas-well flash gas (natural gas released from condensate as a result of a decrease in pressure, an increase in temperature, or both), you may not exceed 48 continuous hours of flaring or venting without Regional Supervisor approval. (ii) For primary gas-well gas (natural gas from a gas well completion that is at or near its wellhead pressure; this does not include flash gas), you may not exceed 2 continuous hours of flaring or venting without Regional Supervisor approval. (iii) You may not exceed 144 cumulative hours of flaring or venting during a calendar month without Regional Supervisor approval.
(7) When equipment fails to work properly, during equipment maintenance and repair, or when you must relieve system pressures.	(i) For oil-well gas and gas-well flash gas, you may not exceed 48 continuous hours of flaring or venting without Regional Supervisor approval. (ii) For primary gas-well gas, you may not exceed 2 continuous hours of flaring or venting without Regional Supervisor approval. (iii) You may not exceed 144 cumulative hours of flaring or venting during a calendar month without Regional Supervisor approval. (iv) The continuous and cumulative hours allowed under this paragraph may be counted separately from the hours under paragraph (a)(6) of this section.

(b) Regardless of the requirements in paragraph (a) of this section, you must not flare or vent gas over the volume approved in your Development Operations Coordination Document (DOCD) or your Development and Production Plan (DPP) submitted to BOEM.

(c) The Regional Supervisor may establish alternative approval procedures to cover situations when you cannot contact the BSEE office, such as during non-office hours.

(d) The Regional Supervisor may specify a volume limit, or a shorter time limit than specified elsewhere in this part, in order to prevent air quality degradation or loss of reserves.

(e) If you flare or vent gas without the required approval, or if the Regional Supervisor determines that you were negligent or could have avoided flaring or venting the gas, the hydrocarbons will be considered avoidably lost or wasted. You must pay royalties on the loss or waste, according to 30 CFR part 1202. You must value any gas or liquid hydrocarbons avoidably lost or wasted under the provisions of 30 CFR part 1206.

(f) Fugitive emissions from valves, fittings, flanges, pressure relief valves or similar components do not require approval under this subpart unless specifically required by the Regional Supervisor.

§ 250.1161 When may I flare or vent gas for extended periods of time?

You must request and receive approval from the Regional Supervisor to flare or vent gas for an extended period of time. The Regional Supervisor will specify the approved period of time, which will not exceed 1 year. The Regional Supervisor may deny your request if it does not ensure the conservation of natural resources or is not consistent with National interests relating to development and production of minerals of the OCS. The Regional Supervisor may approve your request for one of the following reasons:

(a) You initiated an action which, when completed, will eliminate flaring and venting; or

(b) You submit to the Regional Supervisor an evaluation supported by engineering, geologic, and economic data indicating that the oil and gas produced from the well(s) will not economically support the facilities necessary to sell the gas or to use the gas on or for the benefit of the lease.

§ 250.1162 When may I burn produced liquid hydrocarbons?

(a) You must request and receive approval from the Regional Supervisor to burn any produced liquid hydrocarbons. The Regional Supervisor may allow you to burn liquid hydrocarbons if you demonstrate that transporting them to market or re-injecting them is not technically feasible or poses a significant risk of harm to offshore personnel or the environment.

(b) If you burn liquid hydrocarbons without the required approval, or if the Regional Supervisor determines that you were negligent or could have avoided burning liquid hydrocarbons, the hydrocarbons will be considered avoidably lost or wasted. You must pay royalties on the loss or waste, according to 30 CFR part 1202. You must value any liquid hydrocarbons avoidably lost or wasted under the provisions of 30 CFR part 1206.

§ 250.1163 How must I measure gas flaring or venting volumes and liquid hydrocarbon burning volumes, and what records must I maintain?

(a) If your facility processes more than an average of 2,000 bopd during May 2010, you must install flare/vent meters within 180 days after May 2010. If your facility processes more than an average of 2,000 bopd during a calendar month after May 2010, you must install flare/vent meters within 120 days after the end of the month in which the average amount of oil processed exceeds 2,000 bopd.

(1) You must notify the Regional Supervisor when your facility begins to process more than an average of 2,000 bopd in a calendar month;

(2) The flare/vent meters must measure all flared and vented gas within 5 percent accuracy;

(3) You must calibrate the meters regularly, in accordance with the manufacturer's recommendation, or at least once every year, whichever is shorter; and

(4) You must use and maintain the flare/vent meters for the life of the facility.

(b) You must report all hydrocarbons produced from a well completion, including all gas flared, gas vented, and liquid hydrocarbons burned, to Office of Natural Resources Revenue on Form ONRR–4054 (Oil and Gas Operations Report), in accordance with 30 CFR 1210.102.

(1) You must report the amount of gas flared and the amount of gas vented separately.

(2) You may classify and report gas used to operate equipment on the lease, such as gas used to power engines, instrument gas, and gas used to maintain pilot lights, as lease use gas.

(3) If flare/vent meters are required at one or more of your facilities, you must report the amount of gas flared and vented at each of those facilities separately from those facilities that do not require meters and separately from other facilities with meters.

(4) If flare/vent meters are not required at your facility:

(i) You may report the gas flared and vented on a lease or unit basis. Gas flared and vented from multiple facilities on a single lease or unit may be reported together.

(ii) If you choose to install meters, you may report the gas volume flared and vented according to the method specified in paragraph (b)(3) of this section.

(c) You must prepare and maintain records detailing gas flaring, gas venting, and liquid hydrocarbon burning for each facility for 6 years.

(1) You must maintain these records on the facility for at least the first 2 years and have them available for inspection by BSEE representatives.

(2) After 2 years, you must maintain the records, allow BSEE representatives to inspect the records upon request and provide copies to the Regional Supervisor upon request, but are not required to keep them on the facility.

(3) The records must include, at a minimum:

(i) Daily volumes of gas flared, gas vented, and liquid hydrocarbons burned;

(ii) Number of hours of gas flaring, gas venting, and liquid hydrocarbon burning, on a daily and monthly cumulative basis;

(iii) A list of the wells contributing to gas flaring, gas venting, and liquid hydrocarbon burning, along with gas-oil ratio data;

(iv) Reasons for gas flaring, gas venting, and liquid hydrocarbon burning; and

(v) Documentation of all required approvals.

(d) If your facility is required to have flare/vent meters:

(1) You must maintain the meter recordings for 6 years.

(i) You must keep these recordings on the facility for 2 years and have them available for inspection by BSEE representatives.

(ii) After 2 years, you must maintain the recordings, allow BSEE representatives to inspect the recordings upon request and provide copies to the Regional Supervisor upon request, but are not required to keep them on the facility.

(iii) These recordings must include the begin times, end times, and volumes for all flaring and venting incidents.

(2) You must maintain flare/vent meter calibration and maintenance records on the facility for 2 years.

(e) If your flaring or venting of gas, or burning of liquid hydrocarbons, required written or oral approval, you must submit documentation to the Regional Supervisor summarizing the location, dates, number of hours, and volumes of gas flared, gas vented, and liquid hydrocarbons burned under the approval.

§ 250.1164 What are the requirements for flaring or venting gas containing H_2S?

(a) You may not vent gas containing H_2S, except for minor releases during maintenance and repair activities that do not result in a 15-minute time-weighted average atmosphere concentration of H_2S of 20 ppm or higher anywhere on the platform.

(b) You may flare gas containing H_2S only if you meet the requirements of §§ 250.1160, 250.1161, 250.1163, and the following additional requirements:

(1) For safety or air pollution prevention purposes, the Regional Supervisor may further restrict the flaring of gas containing H_2S. The Regional Supervisor will use information provided in the lessee's H_2S Contingency Plan (§ 250.490(f)), Exploration Plan, DPP, DOCD submitted to BOEM, and associated documents to determine the need for restrictions; and

(2) If the Regional Supervisor determines that flaring at a facility or group of facilities may significantly affect the air quality of an onshore area, the Regional Supervisor may require you to conduct an air quality modeling analysis, under 30 CFR 550.303, to determine the potential effect of facility emissions. The Regional Supervisor may require monitoring and reporting, or may restrict or prohibit flaring, under 30 CFR 550.303 and 30 CFR 550.304.

(c) The Regional Supervisor may require you to submit monthly reports of flared and vented gas containing H_2S. Each report must contain, on a daily basis:

(1) The volume and duration of each flaring and venting occurrence;

(2) H_2S concentration in the flared or vented gas; and

(3) The calculated amount of SO_2 emitted.

OTHER REQUIREMENTS

§ 250.1165 What must I do for enhanced recovery operations?

(a) You must promptly initiate enhanced oil and gas recovery operations for all reservoirs where these operations would result in an increase in ultimate recovery of oil or gas under sound engineering and economic principles.

(b) Before initiating enhanced recovery operations, you must submit a proposed plan to the BSEE Regional Supervisor and receive approval for pressure maintenance, secondary or tertiary recovery, cycling, and similar recovery operations intended to increase the ultimate recovery of oil and gas from a reservoir. The proposed plan must include, for each project reservoir, a geologic and engineering overview, Form BOEM–0127, and supporting data as required in § 250.1167, 30 CFR 550.1167, and any additional information required by the BSEE Regional Supervisor.

(c) You must report to Office of Natural Resources Revenue the volumes of oil, gas, or other substances injected, produced, or produced for a second time under 30 CFR 1210.102.

§ 250.1166 What additional reporting is required for developments in the Alaska OCS Region?

(a) For any development in the Alaska OCS Region, you must submit an annual reservoir management report to the Regional Supervisor. The report must contain information detailing the activities performed during the previous year and planned for the upcoming year that will:

(1) Provide for the prevention of waste;

(2) Provide for the protection of correlative rights; and

(3) Maximize ultimate recovery of oil and gas.

(b) If your development is jointly regulated by BSEE and the State of Alaska, BSEE and the Alaska Oil and Gas Conservation Commission will jointly determine appropriate reporting requirements to minimize or eliminate duplicate reporting requirements.

(c) [Reserved]

§ 250.1167 What information must I submit with forms and for approvals?

You must submit the supporting information listed in the following table with the form identified in column 1 and for the approvals required under this subpart identified in columns 2 through 4:

	WPT BSEE–0126 (2 copies)	Gas cap production	Downhole commingling	Production within 500-ft of a unit or lease line
(a) Maps:				
(1) Base map with surface, bottomhole, and completion locations with respect to the unit or lease line and the orientation of representative seismic lines or cross-sections	.....	✔	✔	✔

	WPT BSEE–0126 (2 copies)	Gas cap production	Downhole commingling	Production within 500-ft of a unit or lease line
(2) Structure maps with penetration point and subsea depth for each well penetrating the reservoirs, highlighting subject wells; reservoir boundaries; and original and current fluid levels	✔	✔	✔	✔
(3) Net sand isopach with total net sand penetrated for each well, identified at the penetration point	.....	✔	✔	
(4) Net hydrocarbon isopach with net feet of pay for each well, identified at the penetration point	.....	✔	✔	
(b) Seismic data:				
(1) Representative seismic lines, including strike and dip lines that confirm the structure; indicate polarity	.....	✔	✔	✔
(2) Amplitude extraction of seismic horizon, if applicable	.....	✔	✔	✔
(c) Logs:				
(1) Well log sections with tops and bottoms of the reservoir(s) and proposed or existing perforations	✔	✔	✔	✔
(2) Structural cross-sections showing the subject well and nearby wells	.....	✔	✔	*
(d) Engineering data:				
(1) Estimated recoverable reserves for each well completion in the reservoir; total recoverable reserves for each reservoir; method of calculation; reservoir parameters used in volumetric and decline curve analysis	.....	dagger;	dagger;	✔
(2) Well schematics showing current and proposed conditions	.....	✔	✔	✔
(3) The drive mechanism of each reservoir	.....	✔	✔	✔
(4) Pressure data, by date, and whether they are estimated or measured	.....	✔	✔	
(5) Production data and decline curve analysis indicative of the reservoir performance	.....	✔	✔	
(6) Reservoir simulation with the reservoir parameters used, history matches, and prediction runs (include proposed development scenario)	.....	*	*	*
(e) General information:				
(1) Detailed economic analysis	.....	*	*	
(2) Reservoir name and whether or not it is competitive as defined under § 250.105	.....	✔	✔	✔
(3) Operator name, lessee name(s), block, lease number, royalty rate, and unit number (if applicable) of all relevant leases	.....	✔	✔	✔
(4) Geologic overview of project	.....	✔	✔	✔
(5) Explanation of why the proposed completion scenario will maximize ultimate recovery	.....	✔	✔	✔
(6) List of all wells in subject reservoirs that have ever produced or been used for injection	.....	✔	✔	✔

✔ Required.
dagger; Each Gas Cap Production request and Downhole Commingling request must include the estimated recoverable reserves for (1) the case where your proposed production scenario is approved, and (2) the case where your proposed production scenario is denied.
* Additional items the Regional Supervisor may request.
Note: All maps must be at a standard scale and show lease and unit lines. The Regional Supervisor may waive submittal of some of the required data on a case-by-case basis.

(f) Depending on the type of approval requested, you must submit the appropriate payment of the service fee(s) listed in § 250.125, according to the instructions in § 250.126.

Subpart L—Oil and Gas Production Measurement, Surface Commingling, and Security

§ 250.1200 Question index table.

The table in this section lists questions concerning Oil and Gas Production Measurement, Surface Commingling, and Security.

Frequently asked questions	CFR citation
1. What are the requirements for measuring liquid hydrocarbons?	§ 250.1202(a)
2. What are the requirements for liquid hydrocarbon royalty meters?	§ 250.1202(b)
3. What are the requirements for run tickets?	§ 250.1202(c)
4. What are the requirements for liquid hydrocarbon royalty meter provings?	§ 250.1202(d)
5. What are the requirements for calibrating a master meter used in royalty meter provings?	§ 250.1202(e)
6. What are the requirements for calibrating mechanical-displacement provers and tank provers?	§ 250.1202(f)
7. What correction factors must a lessee use when proving meters with a mechanical displacement prover, tank prover, or master meter?	§ 250.1202(g)
8. What are the requirements for establishing and applying operating meter factors for liquid hydrocarbons?	§ 250.1202(h)
9. Under what circumstances does a liquid hydrocarbon royalty meter need to be taken out of service, and what must a lessee do?	§ 250.1202(i)
10. How must a lessee correct gross liquid hydrocarbon volumes to standard conditions?	§ 250.1202(j)
11. What are the requirements for liquid hydrocarbon allocation meters?	§ 250.1202(k)
12. What are the requirements for royalty and inventory tank facilities?	§ 250.1202(l)
13. To which meters do BSEE requirements for gas measurement apply?	§ 250.1203(a)
14. What are the requirements for measuring gas?	§ 250.1203(b)
15. What are the requirements for gas meter calibrations?	§ 250.1203(c)
16. What must a lessee do if a gas meter is out of calibration or malfunctioning?	§ 250.1203(d)
17. What are the requirements when natural gas from a Federal lease is transferred to a gas plant before royalty determination?	§ 250.1203(e)
18. What are the requirements for measuring gas lost or used on a lease?	§ 250.1203(f)
19. What are the requirements for the surface commingling of production?	§ 250.1204(a)
20. What are the requirements for a periodic well test used for allocation?	§ 250.1204(b)
21. What are the requirements for site security?	§ 250.1205(a)
22. What are the requirements for using seals?	§ 250.1205(b)

§ 250.1201 Definitions.

Terms not defined in this section have the meanings given in the applicable chapter of the API MPMS, which is incorporated by reference in § 250.198. Terms used in Subpart L have the following meaning:

Allocation meter—a meter used to determine the portion of hydrocarbons attributable to one or more platforms, leases, units, or wells, in relation to the total production from a royalty or allocation measurement point.

API MPMS—the American Petroleum Institute's Manual of Petroleum Measurement Standards, chapters 1, 20, and 21.

British Thermal Unit (Btu)—the amount of heat needed to raise the temperature of one pound of water from 59.5 degrees Fahrenheit (59.5 °F) to 60.5 degrees Fahrenheit (60.5 °F) at standard pressure base (14.73 pounds per square inch absolute (psia)).

Compositional Analysis—separating mixtures into identifiable components expressed in mole percent.

Force majeure event—an event beyond your control such as war, act of terrorism, crime, or act of nature which prevents you from operating the wells and meters on your OCS facility.

Gas lost—gas that is neither sold nor used on the lease or unit nor used internally by the producer.

Gas processing plant—an installation that uses any process designed to remove elements or compounds (hydrocarbon and non-hydrocarbon) from gas, including absorption, adsorption, or refrigeration. Processing does not include treatment operations, including those necessary to put gas into marketable conditions such as natural pressure reduction, mechanical separation, heating, cooling, dehydration, desulphurization, and compression. The changing of pressures or temperatures in a reservoir is not processing.

Gas processing plant statement—a monthly statement showing the volume and quality of the inlet or field gas stream and the plant products recovered during the period, volume of plant fuel, flare and shrinkage, and the allocation of these volumes to the sources of the inlet stream.

Gas royalty meter malfunction—an error in any component of the gas measurement system which exceeds contractual tolerances.

Gas volume statement—a monthly statement showing gas measurement data, including the volume (Mcf) and quality (Btu) of natural gas which flowed through a meter.

Inventory tank—a tank in which liquid hydrocarbons are stored prior to royalty measurement. The measured volumes are used in the allocation process.

Liquid hydrocarbons (free liquids)—hydrocarbons which exist in liquid form at standard conditions after passing through separating facilities.

Malfunction factor—a liquid hydrocarbon royalty meter factor that differs from the previous meter factor by an amount greater than 0.0025.

Natural gas—a highly compressible, highly expandable mixture of hydrocarbons which occurs naturally in a gaseous form and passes a meter in vapor phase.

Operating meter—a royalty or allocation meter that is used for gas or liquid hydrocarbon measurement for any period during a calibration cycle.

Pipeline (retrograde) condensate—liquid hydrocarbons which drop out of the separated gas stream at any point in a pipeline during transmission to shore.

Pressure base—the pressure at which gas volumes and quality are reported. The standard pressure base is 14.73 psia.

Prove—to determine (as in meter proving) the relationship between the volume passing through a meter at one set of conditions and the indicated volume at those same conditions.

Royalty meter—a meter approved for the purpose of determining the volume of gas, oil, or other components removed, saved, or sold from a Federal lease.

Royalty tank—an approved tank in which liquid hydrocarbons are measured and upon which royalty volumes are based.

Run ticket—the invoice for liquid hydrocarbons measured at a royalty point.

Sales meter—a meter at which custody transfer takes place (not necessarily a royalty meter).

Seal—a device or approved method used to prevent tampering with royalty measurement components.

Standard conditions—atmospheric pressure of 14.73 pounds per square inch absolute (psia) and 60 °F.

Surface commingling—the surface mixing of production from two or more leases and/or unit participating areas prior to royalty measurement.

Temperature base—the temperature at which gas and liquid hydrocarbon volumes and quality are reported. The standard temperature base is 60 °F.

Verification/Calibration—testing and correcting, if necessary, a measuring device to ensure compliance with industry accepted, manufacturer's recommended, or regulatory required standard of accuracy.

You or your—the lessee or the operator or other lessees' representative engaged in operations in the Outer Continental Shelf (OCS).

§ 250.1202 Liquid hydrocarbon measurement.

(a) *What are the requirements for measuring liquid hydrocarbons?* You must:

(1) Submit a written application to, and obtain approval from, the Regional Supervisor before commencing liquid hydrocarbon production, or making any changes to the previously-approved measurement and/or allocation procedures. Your application (which may also include any relevant gas measurement and surface commingling requests) must be accompanied by payment of the service fee listed in § 250.125. The service fees are divided into two levels based on complexity as shown in the following table.

Application type	Actions
(i) Simple applications,	Applications to temporarily reroute production (for a duration not to exceed six months); Production tests prior to pipeline construction; Departures related to meter proving, well testing, or sampling frequency.
(ii) Complex applications,	Creation of new facility measurement points (FMPs); Association of leases or units with existing FMPs; Inclusion of production from additional structures; Meter updates which add buyback gas meters or pigging meters; Other applications which request deviations from the approved allocation procedures.

(2) Use measurement equipment and procedures that will accurately measure the liquid hydrocarbons produced from a lease or unit to comply with the

following additional API MPMS industry standards or API RP:

(i) API MPMS, Chapter 4, Section 8 (incorporated by reference as specified in § 250.198);

(ii) API MPMS, Chapter 5, Section 6 (incorporated by reference as specified in § 250.198);

(iii) API MPMS, Chapter 5, Section 8 (incorporated by reference as specified in § 250.198);

(iv) API MPMS, Chapter 11, Section 1 (incorporated by reference as specified in § 250.198);

(v) API MPMS Chapter 12, Section 2, Part 3 (incorporated by reference as specified in § 250.198);

(vi) API MPMS Chapter 12, Section 2, Part 4 (incorporated by reference as specified in § 250.198);

(vii) API MPMS, Chapter 21, Section 2 (incorporated by reference as specified in § 250.198);

(viii) API MPMS, Chapter 21, Addendum to Section 2 (incorporated by reference as specified in § 250.198);

(ix) API RP 86 (incorporated by reference as specified in § 250.198);

(3) Use procedures and correction factors according to the applicable chapters of the API MPMS or RP as incorporated by reference in 30 CFR 250.198, including the following additional editions:

(i) API MPMS, Chapter 4, Section 8 (incorporated by reference as specified in § 250.198);

(ii) API MPMS, Chapter 5, Section 6 (incorporated by reference as specified in § 250.198);

(iii) API MPMS, Chapter 5, Section 8 (incorporated by reference as specified in § 250.198);

(iv) API MPMS Chapter 11, Section 1 (incorporated by reference as specified in § 250.198);

(v) API MPMS Chapter 12, Section 2, Part 3 (incorporated by reference as specified in § 250.198);

(vi) API MPMS Chapter 12, Section 2, Part 4 (incorporated by reference as specified in § 250.198);

(vii) API RP 86 (incorporated by reference as specified in § 250.198); when obtaining net standard volume and associated measurement parameters; and

(4) When requested by the Regional Supervisor, provide the pipeline (retrograde) condensate volumes as allocated to the individual leases or units.

(b) *What are the requirements for liquid hydrocarbon royalty meters*? You must:

(1) Ensure that the royalty meter facilities include the following approved components (or other BSEE-approved components) which must be compatible with their connected systems:

(i) A meter equipped with a nonreset totalizer;

(ii) A calibrated mechanical displacement (pipe) prover, master meter, or tank prover;

(iii) A proportional-to-flow sampling device pulsed by the meter output;

(iv) A temperature measurement or temperature compensation device; and

(v) A sediment and water monitor with a probe located upstream of the divert valve.

(2) Ensure that the royalty meter facilities accomplish the following:

(i) Prevent flow reversal through the meter;

(ii) Protect meters subjected to pressure pulsations or surges;

(iii) Prevent the meter from being subjected to shock pressures greater than the maximum working pressure; and

(iv) Prevent meter bypassing.

(3) Maintain royalty meter facilities to ensure the following:

(i) Meters operate within the gravity range specified by the manufacturer;

(ii) Meters operate within the manufacturer's specifications for maximum and minimum flow rate for linear accuracy; and

(iii) Meters are reproven when changes in metering conditions affect the meters' performance such as changes in pressure, temperature, density (water content), viscosity, pressure, and flow rate.

(4) Ensure that sampling devices conform to the following:

(i) The sampling point is in the flowstream immediately upstream or downstream of the meter or divert valve in accordance with the API MPMS (as incorporated by reference in § 250.198);

(ii) The sample container is vapor-tight and includes a power mixing device to allow complete mixing of the sample before removal from the container; and

(iii) The sample probe is in the center half of the pipe diameter in a vertical run and is located at least three pipe diameters downstream of any pipe fitting within a region of turbulent flow. The sample probe can be located in a horizontal pipe if adequate stream conditioning such as power mixers or static mixers are installed upstream of the probe according to the manufacturer's instructions.

(c) *What are the requirements for run tickets*? You must:

(1) For royalty meters, ensure that the run tickets clearly identify all observed data, all correction factors not included in the meter factor, and the net standard volume.

(2) For royalty tanks, ensure that the run tickets clearly identify all observed data, all applicable correction factors, on/off seal numbers, and the net standard volume.

(3) Pull a run ticket at the beginning of the month and immediately after establishing the monthly meter factor or a malfunction meter factor.

(4) Send all run tickets for royalty meters and tanks to the Regional Supervisor within 15 days after the end of the month;

(d) *What are the requirements for liquid hydrocarbon royalty meter provings*? You must:

(1) Permit BSEE representatives to witness provings;

(2) Ensure that the integrity of the prover calibration is traceable to test measures certified by the National Institute of Standards and Technology;

(3) Prove each operating royalty meter to determine the meter factor monthly, but the time between meter factor determinations must not exceed 42 days. When a force majeure event precludes the required monthly meter proving, meters must be proved within 15 days after being returned to service. The meters must be proved monthly thereafter, but the time between meter factor determinations must not exceed 42 days;

(4) Obtain approval from the Regional Supervisor before proving on a schedule other than monthly; and

(5) Submit copies of all meter proving reports for royalty meters to the Regional Supervisor monthly within 15 days after the end of the month.

(e) *What are the requirements for calibrating a master meter used in royalty meter provings*? You must:

(1) Calibrate the master meter to obtain a master meter factor before using it to determine operating meter factors;

(2) Use a fluid of similar gravity, viscosity, temperature, and flow rate as the liquid hydrocarbons that flow through the operating meter to calibrate the master meter;

(3) Calibrate the master meter monthly, but the time between calibrations must not exceed 42 days;

(4) Calibrate the master meter by recording runs until the results of two consecutive runs (if a tank prover is used) or five out of six consecutive runs (if a mechanical-displacement prover is used) produce meter factor differences of no greater than 0.0002. Lessees must use the average of the two (or the five) runs that produced acceptable results to compute the master meter factor;

(5) Install the master meter upstream of any back-pressure or reverse flow check valves associated with the operating meter. However, the master meter may be installed either upstream or downstream of the operating meter; and

(6) Keep a copy of the master meter calibration report at your field location for 2 years.

(f) *What are the requirements for calibrating mechanical-displacement provers and tank provers*? You must:

(1) Calibrate mechanical-displacement provers and tank provers at least once every 5 years according to the API MPMS as incorporated by reference in 30 CFR 250.198, including the following additional editions:

(i) API MPMS, Chapter 4, Section 8 (incorporated by reference as specified in § 250.198);

(ii) API MPMS Chapter 12, Section 2, Part 4 (incorporated by reference as specified in § 250.198);

(2) Submit a copy of each calibration report to the Regional Supervisor within 15 days after the calibration.

(g) *What correction factors must I use when proving meters with a mechanical-displacement prover, tank prover, or master meter*? Calculate the following correction factors using the API MPMS as

referenced in 30 CFR 250.198, including the following additional editions:

(1) API MPMS, Chapter 4, Section 8 (incorporated by reference as specified in § 250.198);

(2) API MPMS Chapter 11, Section 1 (incorporated by reference as specified in § 250.198);

(3) API MPMS Chapter 12, Section 2, Part 3 (incorporated by reference as specified in § 250.198);

(4) API MPMS Chapter 12, Section 2, Part 4 (incorporated by reference as specified in § 250.198);

(h) *What are the requirements for establishing and applying operating meter factors for liquid hydrocarbons*? (1) If you use a mechanical-displacement prover, you must record proof runs until five out of six consecutive runs produce a difference between individual runs of no greater than .05 percent. You must use the average of the five accepted runs to compute the meter factor.

(2) If you use a master meter, you must record proof runs until three consecutive runs produce a total meter factor difference of no greater than 0.0005. The flow rate through the meters during the proving must be within 10 percent of the rate at which the line meter will operate. The final meter factor is determined by averaging the meter factors of the three runs;

(3) If you use a tank prover, you must record proof runs until two consecutive runs produce a meter factor difference of no greater than .0005. The final meter factor is determined by averaging the meter factors of the two runs; and

(4) You must apply operating meter factors forward starting with the date of the proving.

(i) *Under what circumstances does a liquid hydrocarbon royalty meter need to be taken out of service, and what must I do*? (1) If the difference between the meter factor and the previous factor exceeds 0.0025 it is a malfunction factor, and you must:

(i) Remove the meter from service and inspect it for damage or wear;

(ii) Adjust or repair the meter, and reprove it;

(iii) Apply the average of the malfunction factor and the previous factor to the production measured through the meter between the date of the previous factor and the date of the malfunction factor; and

(iv) Indicate that a meter malfunction occurred and show all appropriate remarks regarding subsequent repairs or adjustments on the proving report.

(2) If a meter fails to register production, you must:

(i) Remove the meter from service, repair and reprove it;

(ii) Apply the previous meter factor to the production run between the date of that factor and the date of the failure; and

(iii) Estimate and report unregistered production on the run ticket.

(3) If the results of a royalty meter proving exceed the run tolerance criteria and all measures excluding the adjustment or repair of the meter cannot bring results within tolerance, you must:

(i) Establish a factor using proving results made before any adjustment or repair of the meter; and

(ii) Treat the established factor like a malfunction factor (see paragraph (i)(1) of this section).

(j) *How must I correct gross liquid hydrocarbon volumes to standard conditions*? To correct gross liquid hydrocarbon volumes to standard conditions, you must:

(1) Include Cpl factors in the meter factor calculation or list and apply them on the appropriate run ticket.

(2) List Ctl factors on the appropriate run ticket when the meter is not automatically temperature compensated.

(k) *What are the requirements for liquid hydrocarbon allocation meters*? For liquid hydrocarbon allocation meters you must:

(1) Take samples continuously proportional to flow or daily (use the procedure in the applicable chapter of the API MPMS as incorporated by reference in § 250.198;

(2) For turbine meters, take the sample proportional to the flow only;

(3) Prove operating allocation meters monthly if they measure 50 or more barrels per day per meter the previous month. When a force majeure event precludes the required monthly meter proving, meters must be proved within 15 days after being returned to service. The meters must be proved monthly thereafter; or

(4) Prove operating allocation meters quarterly if they measure less than 50 barrels per day per meter the previous month. When a force majeure event precludes the required quarterly meter proving, meters must be proved within 15 days after being returned to service. The meters must be proved quarterly thereafter;

(5) Keep a copy of the proving reports at the field location for 2 years;

(6) Adjust and reprove the meter if the meter factor differs from the previous meter factor by more than 2 percent and less than 7 percent;

(7) For turbine meters, remove from service, inspect and reprove the meter if the factor differs from the previous meter factor by more than 2 percent and less than 7 percent;

(8) Repair and reprove, or replace and prove the meter if the meter factor differs from the previous meter factor by 7 percent or more; and

(9) Permit BSEE representatives to witness provings.

(l) *What are the requirements for royalty and inventory tank facilities*? You must:

(1) Equip each royalty and inventory tank with a vapor-tight thief hatch, a vent-line valve, and a fill line designed to minimize free fall and splashing;

(2) For royalty tanks, submit a complete set of calibration charts (tank tables) to the Regional Supervisor before using the tanks for royalty measurement;

(3) For inventory tanks, retain the calibration charts for as long as the tanks are in use and submit them to the Regional Supervisor upon request; and

(4) Obtain the volume and other measurement parameters by using corrections factors and procedures in the API MPMS as incorporated by reference in 30 CFR 250.198, including: API MPMS Chapter 11, Section 1 (incorporated by reference as specified in § 250.198).

[76 FR 64462, Oct. 18, 2011, as amended at 77 FR 18921, Mar. 29, 2012]

§ 250.1203 Gas measurement.

(a) *To which meters do BSEE requirements for gas measurement apply*? BSEE requirements for gas measurements apply to all OCS gas royalty and allocation meters.

(b) *What are the requirements for measuring gas*? You must:

(1) Submit a written application to, and obtain approval from, the Regional Supervisor before commencing gas production, or making any changes to the previously-approved measurement and/or allocation procedures. Your application (which may also include any relevant liquid hydrocarbon measurement and surface commingling requests) must be accompanied by payment of the service fee listed in § 250.125. The service fees are divided into two levels based on complexity, see table in § 250.1202(a)(1).

(2) Design, install, use, maintain, and test measurement equipment and procedures to ensure accurate and verifiable measurement. You must follow the recommendations in API MPMS or RP and AGA as incorporated by reference in 30 CFR 250.198, including the following additional editions:

(i) API RP 86 (incorporated by reference as specified in § 250.198);

(ii) AGA Report No. 7 (incorporated by reference as specified in § 250.198);

(iii) AGA Report No. 9 (incorporated by reference as specified in § 250.198);

(iv) AGA Report No. 10 (incorporated by reference as specified in § 250.198);

(3) Ensure that the measurement components demonstrate consistent levels of accuracy throughout the system.

(4) Equip the meter with a chart or electronic data recorder. If an electronic data recorder is used, you must follow the recommendations in API MPMS.

(5) Take proportional-to-flow or spot samples upstream or downstream of the meter at least once every 6 months.

(6) When requested by the Regional Supervisor, provide available information on the gas quality.

(7) Ensure that standard conditions for reporting gross heating value (Btu) are at a base temperature of 60 °F and at a base pressure of 14.73 psia and reflect the same degree of water saturation as in the gas volume.

(8) When requested by the Regional Supervisor, submit copies of gas volume statements for each requested gas meter. Show whether gas volumes and

gross Btu heating values are reported at saturated or unsaturated conditions; and

(9) When requested by the Regional Supervisor, provide volume and quality statements on dispositions other than those on the gas volume statement.

(c) *What are the requirements for gas meter calibrations*? You must:

(1) Verify/calibrate operating meters monthly, but do not exceed 42 days between verifications/calibrations. When a force majeure event precludes the required monthly meter verification/calibration, meters must be verified/calibrated within 15 days after being returned to service. The meters must be verified/calibrated monthly thereafter, but do not exceed 42 days between meter verifications/calibrations;

(2) Calibrate each meter by using the manufacturer's specifications;

(3) Conduct calibrations as close as possible to the average hourly rate of flow since the last calibration;

(4) Retain calibration reports at the field location for 2 years, and send the reports to the Regional Supervisor upon request; and

(5) Permit BSEE representatives to witness calibrations.

(d) *What must I do if a gas meter is out of calibration or malfunctioning*? If a gas meter is out of calibration or malfunctioning, you must:

(1) If the readings are greater than the contractual tolerances, adjust the meter to function properly or remove it from service and replace it.

(2) Correct the volumes to the last acceptable calibration as follows:

(i) If the duration of the error can be determined, calculate the volume adjustment for that period.

(ii) If the duration of the error cannot be determined, apply the volume adjustment to one-half of the time elapsed since the last calibration or 21 days, whichever is less.

(e) *What are the requirements when natural gas from a Federal lease on the OCS is transferred to a gas plant before royalty determination*? If natural gas from a Federal lease on the OCS is transferred to a gas plant before royalty determination:

(1) You must provide the following to the Regional Supervisor upon request:

(i) A copy of the monthly gas processing plant allocation statement; and

(ii) Gross heating values of the inlet and residue streams when not reported on the gas plant statement.

(2) You must permit BSEE to inspect the measurement and sampling equipment of natural gas processing plants that process Federal production.

(f) *What are the requirements for measuring gas lost or used on a lease*? (1) You must either measure or estimate the volume of gas lost or used on a lease.

(2) If you measure the volume, document the measurement equipment used and include the volume measured.

(3) If you estimate the volume, document the estimating method, the data used, and the volumes estimated.

(4) You must keep the documentation, including the volume data, easily obtainable for inspection at the field location for at least 2 years, and must retain the documentation at a location of your choosing for at least 7 years after the documentation is generated, subject to all other document retention and production requirements in 30 U.S.C. 1713 and 30 CFR part 1212.

(5) Upon the request of the Regional Supervisor, you must provide copies of the records.

[76 FR 64462, Oct. 18, 2011, as amended at 77 FR 18922, Mar. 29, 2012]

§ 250.1204 Surface commingling.

(a) *What are the requirements for the surface commingling of production*? You must:

(1) Submit a written application to, and obtain approval from, the Regional Supervisor before commencing the commingling of production or making any changes to the previously approved commingling procedures. Your application (which may also include any relevant liquid hydrocarbon and gas measurement requests) must be accompanied by payment of the service fee listed in § 250.125. The service fees are divided into two levels based on complexity, see table in § 250.1202(a)(1).

(2) Upon the request of the Regional Supervisor, lessees who deliver State lease production into a Federal commingling system must provide volumetric or fractional analysis data on the State lease production through the designated system operator.

(b) *What are the requirements for a periodic well test used for allocation*? You must:

(1) Conduct a well test at least once every 60 days unless the Regional Supervisor approves a different frequency. When a force majeure event precludes the required well test within the prescribed 60 day period (or other frequency approved by the Regional Supervisor), wells must be tested within 15 days after being returned to production. Thereafter, well tests must be conducted at least once every 60 days (or other frequency approved by the Regional Supervisor);

(2) Follow the well test procedures in 30 CFR part 250, Subpart K; and

(3) Retain the well test data at the field location for 2 years.

§ 250.1205 Site security.

(a) *What are the requirements for site security*? You must:

(1) Protect Federal production against production loss or theft;

(2) Post a sign at each royalty or inventory tank which is used in the royalty determination process. The sign must contain the name of the facility operator, the size of the tank, and the tank number;

(3) Not bypass BSEE-approved liquid hydrocarbon royalty meters and tanks; and

(4) Report the following to the Regional Supervisor as soon as possible, but no later than the next business day after discovery:

(i) Theft or mishandling of production;

(ii) Tampering or bypassing any component of the royalty measurement facility; and

(iii) Falsifying production measurements.

(b) *What are the requirements for using seals*? You must:

(1) Seal the following components of liquid hydrocarbon royalty meter installations to ensure that tampering cannot occur without destroying the seal:

(i) Meter component connections from the base of the meter up to and including the register;

(ii) Sampling systems including packing device, fittings, sight glass, and container lid;

(iii) Temperature and gravity compensation device components;

(iv) All valves on lines leaving a royalty or inventory storage tank, including load-out line valves, drain-line valves, and connection-line valves between royalty and non-royalty tanks; and

(v) Any additional components required by the Regional Supervisor.

(2) Seal all bypass valves of gas royalty and allocation meters.

(3) Number and track the seals and keep the records at the field location for at least 2 years; and

(4) Make the records of seals available for BSEE inspection.

Subpart M—Unitization

§ 250.1300 What is the purpose of this subpart?

This subpart explains how Outer Continental Shelf (OCS) leases are unitized. If you are an OCS lessee, use the regulations in this subpart for both competitive reservoir and unitization situations. The purpose of joint development and unitization is to:

(a) Conserve natural resources;

(b) Prevent waste; and/or

(c) Protect correlative rights, including Federal royalty interests.

§ 250.1301 What are the requirements for unitization?

(a) *Voluntary unitization*. You and other OCS lessees may ask the Regional Supervisor to approve a request for voluntary unitization. The Regional Supervisor may approve the request for voluntary unitization if unitized operations:

(1) Promote and expedite exploration and development; or

(2) Prevent waste, conserve natural resources, or protect correlative rights, including Federal royalty interests, of a reasonably delineated and productive reservoir.

(b) *Compulsory unitization*. The Regional Supervisor may require you and other lessees to unitize operations of a reasonably delineated and productive reservoir if unitized operations are necessary to:

(1) Prevent waste;

(2) Conserve natural resources; or

(3) Protect correlative rights, including Federal royalty interests.

(c) *Unit area*. The area that a unit includes is the minimum number of leases that will allow the lessees to minimize the number of platforms, facility installations, and wells necessary for efficient exploration, development, and production of mineral deposits, oil and gas reservoirs, or potential hydrocarbon accumulations common to two or more leases. A unit may include whole leases or portions of leases.

(d) *Unit agreement*. You, the other lessees, and the unit operator must enter into a unit agreement. The unit agreement must: allocate benefits to unitized leases, designate a unit operator, and specify the effective date of the unit agreement. The unit agreement must terminate when: the unit no longer produces unitized substances, and the unit operator no longer conducts drilling or well-workover operations (§ 250.180) under the unit agreement, unless the Regional Supervisor orders or approves a suspension of production under § 250.170.

(e) *Unit operating agreement*. The unit operator and the owners of working interests in the unitized leases must enter into a unit operating agreement. The unit operating agreement must describe how all the unit participants will apportion all costs and liabilities incurred maintaining or conducting operations. When a unit involves one or more net-profit-share leases, the unit operating agreement must describe how to attribute costs and credits to the net-profit-share lease(s), and this part of the agreement must be approved by the Regional Supervisor. Otherwise, you must provide a copy of the unit operating agreement to the Regional Supervisor, but the Regional Supervisor does not need to approve the unit operating agreement.

(f) *Extension of a lease covered by unit operations*. If your unit agreement expires or terminates, or the unit area adjusts so that no part of your lease remains within the unit boundaries, your lease expires unless:

(1) Its initial term has not expired;

(2) You conduct drilling, production, or well-reworking operations on your lease consistent with applicable regulations; or

(3) BSEE orders or approves a suspension of production or operations for your lease.

(g) *Unit operations*. If your lease, or any part of your lease, is subject to a unit agreement, the entire lease continues for the term provided in the lease, and as long thereafter as any portion of your lease remains part of the unit area, and as long as operations continue the unit in effect.

(1) If you drill, produce or perform well-workover operations on a lease within a unit, each lease, or part of a lease, in the unit will remain active in accordance with the unit agreement. Following a discovery, if your unit ceases drilling activities for a reasonable time period between the delineation of one or more reservoirs and the initiation of actual development drilling or production operations and that time period would extend beyond your lease's primary term or any extension under § 250.180, the unit operator must request and obtain BSEE approval of a suspension of production under § 250.170 in order to keep the unit from terminating.

(2) When a lease in a unit agreement is beyond the primary term and the lease or unit is not producing, the lease will expire unless:

(i) You conduct a continuous drilling or well reworking program designed to develop or restore the lease or unit production; or

(ii) BSEE orders or approves a suspension of operations under § 250.170.

§ 250.1302 What if I have a competitive reservoir on a lease?

(a) The Regional Supervisor may require you to conduct development and production operations in a competitive reservoir under either a joint Development and Production Plan, submitted to BOEM or a unitization agreement. A competitive reservoir has one or more producing or producible well completions on each of two or more leases, or portions of leases, with different lease operating interests. For purposes of this paragraph, a producible well completion is a well which is capable of production and which is shut in at the

well head or at the surface but not necessarily connected to production facilities and from which the operator plans future production.

(b) You may request that the Regional Supervisor make a preliminary determination whether a reservoir is competitive. When you receive the preliminary determination, you have 30 days (or longer if the Regional Supervisor allows additional time) to concur or to submit an objection with supporting evidence if you do not concur. The Regional Supervisor will make a final determination and notify you and the other lessees.

(c) If you conduct drilling or production operations in a reservoir determined competitive by the Regional Supervisor, you and the other affected lessees must submit for approval a joint plan of operations. You must submit the joint plan within 90 days after the Regional Supervisor makes a final determination that the reservoir is competitive. The joint plan must provide for the development and/or production of the reservoir. You may submit supplemental plans for the Regional Supervisor's approval.

(d) If you and the other affected lessees cannot reach an agreement on a joint Development and Production Plan, submitted to BOEM within the approved period of time, each lessee must submit a separate plan to the Regional Supervisor. The Regional Supervisor will hold a hearing to resolve differences in the separate plans. If the differences in the separate plans are not resolved at the hearing and the Regional Supervisor determines that unitization is necessary under § 250.1301(b), BSEE will initiate unitization under § 250.1304.

§ 250.1303 How do I apply for voluntary unitization?

(a) You must file a request for a voluntary unit with the Regional Supervisor. Your request must include:

(1) A draft of the proposed unit agreement;

(2) A proposed initial plan of operation;

(3) Supporting geological, geophysical, and engineering data; and

(4) Other information that may be necessary to show that the unitization proposal meets the criteria of § 250.1300.

(b) The unit agreement must comply with the requirements of this part. BSEE will maintain and provide a model unit agreement for you to follow. If BSEE revises the model, BSEE will publish the revised model in the FEDERAL REGISTER. If you vary your unit agreement from the model agreement, you must obtain the approval of the Regional Supervisor.

(c) After the Regional Supervisor accepts your unitization proposal, you, the other lessees, and the unit operator must sign and file copies of the unit agreement, the unit operating agreement, and the initial plan of operation with the Regional Supervisor for approval.

(d) You must pay the service fee listed in § 250.125 of this part with your request for a voluntary unitization proposal or the expansion of a previously approved voluntary unit to include additional acreage. Additionally, you must pay the service fee listed in § 250.125 with your request for unitization revision.

§ 250.1304 How will BSEE require unitization?

(a) If the Regional Supervisor determines that unitization of operations within a proposed unit area is necessary to prevent waste, conserve natural resources of the OCS, or protect correlative rights, including Federal royalty interests, the Regional Supervisor may require unitization.

(b) If you ask BSEE to require unitization, you must file a request with the Regional Supervisor. You must include a proposed unit agreement as described in §§ 250.1301(d) and 250.1303(b); a proposed unit operating agreement; a proposed initial plan of operation; supporting geological, geophysical, and engineering data; and any other information that may be necessary to show that unitization meets the criteria of § 250.1300. The proposed unit agreement must include a counterpart executed by each lessee seeking compulsory unitization. Lessees who seek compulsory unitization must simultaneously serve on the nonconsenting lessees copies of:

(1) The request;

(2) The proposed unit agreement with executed counterparts;

(3) The proposed unit operating agreement; and

(4) The proposed initial plan of operation.

(c) If the Regional Supervisor initiates compulsory unitization, BSEE will serve all lessees of the proposed unit area with a proposed unitization plan and a statement of reasons for the proposed unitization.

(d) The Regional Supervisor will not require unitization until BSEE provides all lessees of the proposed unit area written notice and an opportunity for a hearing. If you want BSEE to hold a hearing, you must request it within 30 days after you receive written notice from the Regional Supervisor or after you are served with a request for compulsory unitization from another lessee.

(e) BSEE will not hold a hearing under this paragraph until at least 30 days after BSEE provides written notice of the hearing date to all parties owning interests that would be made subject to the unit agreement. The Regional Supervisor must give all lessees of the proposed unit area an opportunity to submit views orally and in writing and to question both those seeking and those opposing compulsory unitization. Adjudicatory procedures are not required. The Regional Supervisor will make a decision based upon a record of the hearing, including any written information made a part of the record. The Regional Supervisor will arrange for a court reporter to make a verbatim transcript. The party seeking compulsory unitization must pay for the court reporter and pay for and provide to the Regional Supervisor within 10 days after the hearing three copies of the verbatim transcript.

(f) The Regional Supervisor will issue an order that requires or rejects compulsory unitization. That order must include a statement of reasons for the action taken and identify those parts of the record which form the basis of the decision. Any adversely affected party may appeal the final order of the Regional Supervisor under 30 CFR part 290.

Subpart N—Outer Continental Shelf Civil Penalties

OUTER CONTINENTAL SHELF LANDS ACT CIVIL PENALTIES

§ 250.1400 How does BSEE begin the civil penalty process?

This subpart explains BSEEs civil penalty procedures whenever a lessee, operator or other person engaged in oil, gas, sulphur or other minerals operations in the OCS has a violation. Whenever BSEE determines, on the basis of available evidence, that a violation occurred and a civil penalty review is appropriate, it will prepare a case file. BSEE will appoint a Reviewing Officer.

§ 250.1401 Index table.

The following table is an index of the sections in this subpart:

Definitions.	§ 250.1402
What is the maximum civil penalty?	§ 250.1403
Which violations will BSEE review for potential civil penalties?	§ 250.1404
When is a case file developed?	§ 250.1405
When will BSEE notify me and provide penalty information?	§ 250.1406
How do I respond to the letter of notification?	§ 250.1407
When will I be notified of the Reviewing Officer's decision?	§ 250.1408
What are my appeal rights?	§ 250.1409

§ 250.1402 Definitions.

Terms used in this subpart have the following meaning:

Case file means a BSEE document file containing information and the record of evidence related to the alleged violation.

Civil penalty means a fine. It is a BSEE regulatory enforcement tool used in addition to Notices of Incidents of Noncompliance and directed suspensions of production or other operations.

Reviewing Officer means a BSEE employee assigned to review case files and assess civil penalties.

Violation means failure to comply with the Outer Continental Shelf Lands Act (OCSLA) or any other applicable laws, with any regulations issued under the OCSLA, or with the terms or provisions of leases, licenses, permits, rights-of-way, or other approvals issued under the OCSLA.

Violator means a person responsible for a violation.

§ 250.1403 What is the maximum civil penalty?

The maximum civil penalty is $40,000 per day per violation.

§ 250.1404 Which violations will BSEE review for potential civil penalties?

BSEE will review each of the following violations for potential civil penalties:

(a) Violations that you do not correct within the period BSEE grants;

(b) Violations that BSEE determines may constitute, or constituted, a threat of serious, irreparable, or immediate harm or damage to life (including fish and other aquatic life), property, any mineral deposit, or the marine, coastal, or human environment; or

(c) Violations that cause serious, irreparable, or immediate harm or damage to life (including fish and other aquatic life), property, any mineral deposit, or the marine, coastal, or human environment.

(d) Violations of the oil spill financial responsibility requirements at 30 CFR part 553.

§ 250.1405 When is a case file developed?

BSEE will develop a case file during its investigation of the violation, and forward it to a Reviewing Officer if any of the conditions in § 250.1404 exist. The Reviewing Officer will review the case file and determine if a civil penalty is appropriate. The Reviewing Officer may administer oaths and issue subpoenas requiring witnesses to attend meetings, submit depositions, or produce evidence.

§ 250.1406 When will BSEE notify me and provide penalty information?

If the Reviewing Officer determines that a civil penalty should be assessed, the Reviewing Officer will send the violator a letter of notification. The letter of notification will include:

(a) The amount of the proposed civil penalty;

(b) Information on the violation(s); and

(c) Instruction on how to obtain a copy of the case file, schedule a meeting, submit information, or pay the penalty.

§ 250.1407 How do I respond to the letter of notification?

You have 30 calendar days after you receive the Reviewing Officer's letter to either:

(a) Request, in writing, a meeting with the Reviewing Officer;

(b) Submit additional information; or

(c) Pay the proposed civil penalty.

§ 250.1408 When will I be notified of the Reviewing Officer's decision?

At the end of the 30 calendar days or after the meeting and submittal of additional information, the Reviewing Officer will review the case file, including all information you submitted, and send you a decision. The decision will include the amount of any final civil penalty, the basis for the civil penalty, and instructions for paying or appealing the civil penalty.

§ 250.1409 What are my appeal rights?

(a) When you receive the Reviewing Officer's final decision, you have 60 days to either pay the penalty or file an appeal in accordance with 30 CFR part 290, subpart A.

(b) If you file an appeal, you must either:

(1) Submit a surety bond in the amount of the penalty to the appropriate Leasing Office in the Region where the penalty was assessed, following instructions that the Reviewing Officer will include in the final decision; or

(2) Notify the appropriate Leasing Office, in the Region where the penalty was assessed, that you want your lease-specific/area-wide bond on file to be used as the bond for the penalty amount.

(c) If you choose the alternative in paragraph (b)(2) of this section, the BOEM Regional Director may require

additional security (*i.e.*, security in excess of your existing bond) to ensure sufficient coverage during an appeal. In that event, the Regional Director will require you to post the supplemental bond with the regional office in the same manner as under 30 CFR 556.53(d) through (f). If the Regional Director determines the appeal should be covered by a lease-specific abandonment account then you must establish an account that meets the requirements of 30 CFR part 556.56.

(d) If you do not either pay the penalty or file a timely appeal, BSEE will take one or more of the following actions:

(1) We will collect the amount you were assessed, plus interest, late payment charges, and other fees as provided by law, from the date you received the Reviewing Officer's final decision until the date we receive payment;

(2) We may initiate additional enforcement, including, if appropriate, cancellation of the lease, right-of-way, license, permit, or approval, or the forfeiture of a bond under this part; or

(3) We may bar you from doing further business with the Federal Government according to Executive Orders 12549 and 12689, and section 2455 of the Federal Acquisition Streamlining Act of 1994, 31 U.S.C. 6101. The Department of the Interior's regulations implementing these authorities are found at 43 CFR part 12, subpart D.

FEDERAL OIL AND GAS ROYALTY MANAGEMENT ACT CIVIL PENALTIES DEFINITIONS

§ 250.1450 What definitions apply to this subpart?

The terms used in this subpart have the same meaning as in 30 U.S.C. 1702.

PENALTIES AFTER A PERIOD TO CORRECT

§ 250.1451 What may BSEE do if I violate a statute, regulation, order, or lease term relating to a Federal oil and gas lease?

(a) If we believe that you have not followed any requirement of a statute, regulation, order, or lease term for any Federal oil or gas lease, we may send you a Notice of Noncompliance informing you what the violation is and what you need to do to correct it to avoid civil penalties under 30 U.S.C. 1719(a) and (b).

(b) We will serve the Notice of Noncompliance by registered mail or personal service using the most current address on file as maintained by the BOEM Leasing Office in your respective Region.

§ 250.1452 What if I correct the violation?

The matter will be closed if you correct all of the violations identified in the Notice of Noncompliance within 20 days after you receive the Notice (or within a longer time period specified in the Notice).

§ 250.1453 What if I do not correct the violation?

(a) We may send you a Notice of Civil Penalty if you do not correct all of the violations identified in the Notice of Noncompliance within 20 days after you receive the Notice of Noncompliance (or within a longer time period specified in that Notice). The Notice of Civil Penalty will tell you how much penalty you must pay. The penalty may be up to $500 per day, beginning with the date of the Notice of Noncompliance, for each violation identified in the Notice of Noncompliance for as long as you do not correct the violations.

(b) If you do not correct all of the violations identified in the Notice of Noncompliance within 40 days after you receive the Notice of Noncompliance (or 20 days following the expiration of a longer time period specified in that Notice), we may increase the penalty to up to $5,000 per day, beginning with the date of the Notice of Noncompliance, for each violation for as long as you do not correct the violations.

§ 250.1454 How may I request a hearing on the record on a Notice of Noncompliance?

You may request a hearing on the record on a Notice of Noncompliance by filing a request within 30 days of the date you received the Notice of Noncompliance with the Hearings Division (Departmental), Office of Hearings and

Appeals, U.S. Department of the Interior, 801 North Quincy Street, Arlington, Virginia 22203. You may do this regardless of whether you correct the violations identified in the Notice of Noncompliance.

§ 250.1455 Does my request for a hearing on the record affect the penalties?

(a) If you do not correct the violations identified in the Notice of Noncompliance, the penalties will continue to accrue even if you request a hearing on the record.

(b) You may petition the Hearings Division (Departmental) of the Office of Hearings and Appeals, to stay the accrual of penalties pending the hearing on the record and a decision by the Administrative Law Judge under § 250.1472.

(1) You must file your petition within 45 calendar days of receiving the Notice of Noncompliance.

(2) To stay the accrual of penalties, you must post a bond or other surety instrument, or demonstrate financial solvency, using the standards and requirements as prescribed in §§ 250.1490 through 250.1497, for the principal amount of any unpaid amounts due that are the subject of the Notice of Noncompliance, including interest thereon, plus the amount of any penalties accrued before the date a stay becomes effective.

(3) The Hearings Division will grant or deny the petition under 43 CFR 4.21(b).

§ 250.1456 May I request a hearing on the record regarding the amount of a civil penalty if I did not request a hearing on the Notice of Noncompliance?

(a) You may request a hearing on the record to challenge only the amount of a civil penalty when you receive a Notice of Civil Penalty, if you did not previously request a hearing on the record under § 250.1454. If you did not request a hearing on the record on the Notice of Noncompliance under § 250.1454, you may not contest your underlying liability for civil penalties.

(b) You must file your request within 10 days after you receive the Notice of Civil Penalty with the Hearings Division (Departmental), Office of Hearings and Appeals, U.S. Department of the Interior, 801 North Quincy Street, Arlington, Virginia 22203.

PENALTIES WITHOUT A PERIOD TO CORRECT

§ 250.1460 May I be subject to penalties without prior notice and an opportunity to correct?

The Federal Oil and Gas Royalty Management Act sets out several specific violations for which penalties accrue without an opportunity to first correct the violation.

(a) Under 30 U.S.C. 1719(c), you may be subject to penalties of up to $10,000 per day per violation for each day the violation continues if you:

(1) Fail or refuse to permit lawful entry, inspection, or audit; or

(2) Knowingly or willfully fail or refuse to notify the Secretary, within 5 business days after any well begins production on a lease site or allocated to a lease site, or resumes production in the case of a well which has been off production for more than 90 days, of the date on which production has begun or resumed.

(b) Under 30 U.S.C. 1719(d), you may be subject to civil penalties of up to $25,000 per day for each day each violation continues if you:

(1) Knowingly or willfully prepare, maintain, or submit false, inaccurate, or misleading reports, notices, affidavits, records, data, or other written information;

(2) Knowingly or willfully take or remove, transport, use or divert any oil or gas from any lease site without having valid legal authority to do so; or

(3) Purchase, accept, sell, transport, or convey to another person, any oil or gas knowing or having reason to know that such oil or gas was stolen or unlawfully removed or diverted.

§ 250.1461 How will BSEE inform me of violations without a period to correct?

We will inform you of any violation, without a period to correct, by issuing a Notice of Noncompliance and Civil Penalty explaining the violation, how to correct it, and the penalty assessment. We will serve the Notice of Noncompliance and Civil Penalty by registered mail or personal service using

your address of record as specified under 30 CFR part 1218, Subpart H.

§ 250.1462 How may I request a hearing on the record on a Notice of Noncompliance regarding violations without a period to correct?

You may request a hearing on the record of a Notice of Noncompliance regarding violations without a period to correct by filing a request within 30 days after you receive the Notice of Noncompliance with the Hearings Division (Departmental), Office of Hearings and Appeals, U.S. Department of the Interior, 801 North Quincy Street, Arlington, Virginia 22203. You may do this regardless of whether you correct the violations identified in the Notice of Noncompliance.

§ 250.1463 Does my request for a hearing on the record affect the penalties?

(a) If you do not correct the violations identified in the Notice of Noncompliance regarding violations without a period to correct, the penalties will continue to accrue even if you request a hearing on the record.

(b) You may ask the Hearings Division (Departmental) to stay the accrual of penalties pending the hearing on the record and a decision by the Administrative Law Judge under § 250.1472.

(1) You must file your petition within 45 calendar days after you receive the Notice of Noncompliance.

(2) To stay the accrual of penalties, you must post a bond or other surety instrument, or demonstrate financial solvency, using the standards and requirements as prescribed in §§ 250.1490 through 250.1497, for the principal amount of any unpaid amounts due that are the subject of the Notice of Noncompliance, including interest thereon, plus the amount of any penalties accrued before the date a stay becomes effective.

(3) The Hearings Division will grant or deny the petition under 43 CFR 4.21(b).

§ 250.1464 May I request a hearing on the record regarding the amount of a civil penalty if I did not request a hearing on the Notice of Noncompliance?

(a) You may request a hearing on the record to challenge only the amount of a civil penalty when you receive a Notice of Civil Penalty regarding violations without a period to correct, if you did not previously request a hearing on the record under § 250.1462. If you did not request a hearing on the record on the Notice of Noncompliance under § 250.1462, you may not contest your underlying liability for civil penalties.

(b) You must file your request within 10 days after you receive Notice of Civil Penalty with the Hearings Division (Departmental), Office of Hearings and Appeals, U.S. Department of the Interior, 801 North Quincy, Arlington, Virginia 22203.

General Provisions

§ 250.1470 How does BSEE decide what the amount of the penalty should be?

We determine the amount of the penalty by considering the severity of the violations, your history of compliance, and if you are a small business.

§ 250.1471 Does the penalty affect whether I owe interest?

If you do not pay the penalty by the date required under § 250.1475(d), BSEE will assess you late payment interest on the penalty amount at the same rate interest is assessed under 30 CFR 1218.54.

§ 250.1472 How will the Office of Hearings and Appeals conduct the hearing on the record?

If you request a hearing on the record under §§ 250.1454, 250.1456, 250.1462, or 250.1464, the hearing will be conducted by a Departmental Administrative Law Judge from the Office of Hearings and Appeals. After the hearing, the Administrative Law Judge will issue a decision in accordance with the evidence presented and applicable law.

§ 250.1473 How may I appeal the Administrative Law Judge's decision?

If you are adversely affected by the Administrative Law Judge's decision,

you may appeal that decision to the Interior Board of Land Appeals under 43 CFR part 4, subpart E.

§ 250.1474 May I seek judicial review of the decision of the Interior Board of Land Appeals?

Under 30 U.S.C. 1719(j), you may seek judicial review of the decision of the Interior Board of Land Appeals. A suit for judicial review in the District Court will be barred unless filed within 90 days after the final order.

§ 250.1475 When must I pay the penalty?

(a) You must pay the amount of the Notice of Civil Penalty issued under §§ 250.1453 or 250.1461, if you do not request a hearing on the record under §§ 250.1454, 250.1456, 250.1462, or 250.1464.

(b) If you request a hearing on the record under §§ 250.1454, 250.1456, 250.1462, or 250.1464, but you do not appeal the determination of the Administrative Law Judge to the Interior Board of Land Appeals under § 250.1473, you must pay the amount assessed by the Administrative Law Judge.

(c) If you appeal the determination of the Administrative Law Judge to the Interior Board of Land Appeals, you must pay the amount assessed in the IBLA decision.

(d) You must pay the penalty assessed within 40 days after:

(1) You received the Notice of Civil Penalty, if you did not request a hearing on the record under either §§ 250.1454, 250.1456, 250.1462, or 250.1464;

(2) You received an Administrative Law Judge's decision under § 250.1472, if you obtained a stay of the accrual of penalties pending the hearing on the record under § 250.1455(b) or § 250.1463(b) and did not appeal the Administrative Law Judge's determination to the IBLA under § 250.1473;

(3) You received an IBLA decision under § 250.1473 if the IBLA continued the stay of accrual of penalties pending its decision and you did not seek judicial review of the IBLA's decision; or

(4) A final non-appealable judgment of a court of competent jurisdiction is entered, if you sought judicial review of the IBLA's decision and the Department or the appropriate court suspended compliance with the IBLA's decision pending the adjudication of the case.

(e) If you do not pay, that amount is subject to collection under the provisions of § 250.1477.

§ 250.1476 Can BSEE reduce my penalty once it is assessed?

Under 30 U.S.C. 1719(g), the Director or his or her delegate may compromise or reduce civil penalties assessed under this part.

§ 250.1477 How may BSEE collect the penalty?

(a) BSEE may use all available means to collect the penalty including, but not limited to:

(1) Requiring the lease surety, for amounts owed by lessees, to pay the penalty;

(2) Deducting the amount of the penalty from any sums the United States owes to you; and

(3) Using judicial process to compel your payment under 30 U.S.C. 1719(k).

(b) If the Department uses judicial process, or if you seek judicial review under § 250.1474 and the court upholds assessment of a penalty, the court shall have jurisdiction to award the amount assessed plus interest assessed from the date of the expiration of the 90-day period referred to in § 250.1474. The amount of any penalty, as finally determined, may be deducted from any sum owing to you by the United States.

CRIMINAL PENALTIES

§ 250.1480 May the United States criminally prosecute me for violations under Federal oil and gas leases?

If you commit an act for which a civil penalty is provided at 30 U.S.C. 1719(d) and § 250.1460(b), the United States may pursue criminal penalties as provided at 30 U.S.C. 1720, in addition to any authority for prosecution under other statutes.

BONDING REQUIREMENTS

§ 250.1490 What standards must my BOEM-specified surety instrument meet?

(a) A BOEM-specified surety instrument must be in a form specified in BOEM instructions. BSEE will give

you written information and standard forms for BOEM-specified surety instrument requirements.

(b) BOEM will use a bank-rating service to determine whether a financial institution has an acceptable rating to provide a surety instrument adequate to indemnify the lessor from loss or damage.

(1) Administrative appeal bonds must be issued by a qualified surety company which the Department of the Treasury has approved.

(2) Irrevocable letters of credit or certificates of deposit must be from a financial institution acceptable to BOEM with a minimum 1-year period of coverage subject to automatic renewal up to 5 years.

§ 250.1491 How will BOEM determine the amount of my bond or other surety instrument?

(a) The BOEM bond-approving officer may approve your surety if he or she determines that the amount is adequate to guarantee payment. The amount of your surety may vary depending on the form of the surety and how long the surety is effective.

(1) The amount of the BOEM-specified surety instrument must include the principal amount owed under the Notice of Noncompliance or Notice of Civil Penalty plus any accrued interest we determine is owed plus projected interest for a 1-year period.

(2) Treasury book-entry bond or note amounts must be equal to at least 120 percent of the required surety amount.

(b) If your appeal is not decided within 1 year from the filing date, you must increase the surety amount to cover additional estimated interest for another 1-year period. You must continue to do this annually on the date your appeal was filed. We will determine the additional estimated interest and notify you of the amount so you can amend your surety instrument.

(c) You may submit a single surety instrument that covers multiple appeals. You may change the instrument to add new amounts under appeal or remove amounts that have been adjudicated in your favor or that you have paid, if you:

(1) Amend the single surety instrument annually on the date you filed your first appeal; and

(2) Submit a separate surety instrument for new amounts under appeal until you amend the instrument to cover the new appeals.

FINANCIAL SOLVENCY REQUIREMENTS

§ 250.1495 How do I demonstrate financial solvency?

(a) To demonstrate financial solvency under this part, you must submit an audited consolidated balance sheet, and, if requested by the BOEM bond-approving officer, up to 3 years of tax returns to BOEM using the U.S. Postal Service, private delivery, courier, or overnight delivery at:

(1) For Alaska OCS: Jeffrey Walker, RS/FO, BOEM Alaska OCS Region, 3801 Centerpoint Drive, Suite 500, Anchorage, AK 99503–5823, *jeffrey.walker@boem.gov*, (907) 334–5300.

(2) For Gulf of Mexico and Atlantic OCS: Joshua Joyce, Regional FARM Program Coordinator, BOEM Gulf of Mexico OCS Region, 1201 Elmwood Park Boulevard New Orleans, LA 70123–2394, *joshua.joyce@boem.gov*, (504) 736–2779.

(3) For Pacific OCS: Jaron Ming, Lead Leasing Specialist, BOEM Pacific OCS Region, 770 Paseo Camarillo, 2nd Floor, Camarillo, CA 93010, *jaron.ming@boem.gov*, (805) 389–7514.

(b) You must submit an audited consolidated balance sheet annually, and, if requested, additional annual tax returns on the date BSEE first determined that you demonstrated financial solvency as long as you have active appeals, or whenever BSEE requests.

(c) If you demonstrate financial solvency in the current calendar year, you are not required to redemonstrate financial solvency for new appeals of orders during that calendar year unless you file for protection under any provision of the U.S. Bankruptcy Code (Title 11 of the United States Code), or BSEE notifies you that you must redemonstrate financial solvency.

§ 250.1496 How will BOEM determine if I am financially solvent?

(a) The BOEM bond-approving officer will determine your financial solvency

by examining your total net worth, including, as appropriate, the net worth of your affiliated entities.

(b) If your net worth, minus the amount we would require as surety under §§ 250.1490 and 250.1491 for all orders you have appealed is greater than $300 million, you are presumptively deemed financially solvent, and we will not require you to post a bond or other surety instrument.

(c) If your net worth, minus the amount we would require as surety under §§ 250.1490 and 250.1491 for all orders you have appealed is less than $300 million, you must submit the following to BSEE by one of the methods in § 250.1495(a):

(1) A written request asking us to consult a business-information, or credit-reporting service or program to determine your financial solvency; and

(2) A nonrefundable $50 processing fee:

(i) You must pay the processing fee to us following the requirements for making payments found in 30 CFR 250.126. You are required to use Electronic Funds Transfer (EFT) for these payments;

(ii) You must submit the fee with your request under paragraph (c)(1) of this section, and then annually on the date we first determined that you demonstrated financial solvency, as long as you are not able to demonstrate financial solvency under paragraph (a) of this section and you have active appeals.

(d) If you request that we consult a business-information or credit-reporting service or program under paragraph (c) of this section:

(1) We will use criteria similar to that which a potential creditor would use to lend an amount equal to the bond or other surety instrument we would require under §§ 250.1490 and 250.1491;

(2) For us to consider you financially solvent, the business-information or credit-reporting service or program must demonstrate your degree of risk as low to moderate:

(i) If our bond-approving officer determines that the business-information or credit-reporting service or program information demonstrates your financial solvency to our satisfaction, our bond-approving officer will not require you to post a bond or other surety instrument under §§ 250.1490 and 250.1491;

(ii) If our bond-approving officer determines that the business-information or credit-reporting service or program information does not demonstrate your financial solvency to our satisfaction, our bond-approving officer will require you to post a bond or other surety instrument under §§ 250.1490 and 250.1491 or pay the obligation.

§ 250.1497 When will BOEM monitor my financial solvency?

(a) If you are presumptively financially solvent under § 250.1496(b), BOEM will determine your net worth as described under § 250.1496(b) and (c) to evaluate your financial solvency at least annually on the date we first determined that you demonstrated financial solvency as long as you have active appeals and each time you appeal a new order.

(b) If you ask us to consult a business-information or credit-reporting service or program under § 250.1496(c), we will consult a service or program annually as long as you have active appeals and each time you appeal a new order.

(c) If our bond-approving officer determines that you are no longer financially solvent, you must post a bond or other BOEM-specified surety instrument under §§ 250.1490 and 250.1491.

Subpart O—Well Control and Production Safety Training

§ 250.1500 Definitions.

Terms used in this subpart have the following meaning:

Contractor and contract personnel mean anyone, other than an employee of the lessee, performing well control, deepwater well control, or production safety duties for the lessee.

Deepwater well control means well control when you are using a subsea BOP system.

Employee means direct employees of the lessees who are assigned well control, deepwater well control, or production safety duties.

I or you means the lessee engaged in oil, gas, or sulphur operations in the Outer Continental Shelf (OCS).

Lessee means a person who has entered into a lease with the United States to explore for, develop, and produce the leased minerals. The term lessee also includes an owner of operating rights for that lease and the BOEM-approved assignee of that lease.

Periodic means occurring or recurring at regular intervals. Each lessee must specify the intervals for periodic training and periodic assessment of training needs in their training programs.

Production operations include, but are not limited to, separation, dehydration, compression, sweetening, and metering operations.

Production safety includes measures, practices, procedures, and equipment to ensure safe, accident-free, and pollution-free production operations, as well as installation, repair, testing, maintenance, and operation of surface and subsurface safety equipment.

Well completion/well workover means those operations following the drilling of a well that are intended to establish or restore production.

Well control means drilling, well completion, well workover, and well servicing operations. For purposes of this subpart, well completion/well workover means those operations following the drilling of a well that are intended to establish or restore production to a well. It includes small tubing operations but does not include well servicing.

Well servicing means snubbing, coil tubing, and wireline operations.

§ 250.1501 What is the goal of my training program?

The goal of your training program must be safe and clean OCS operations. To accomplish this, you must ensure that your employees and contract personnel engaged in well control, deepwater well control, or production safety operations understand and can properly perform their duties.

§ 250.1503 What are my general responsibilities for training?

(a) You must establish and implement a training program so that all of your employees are trained to competently perform their assigned well control, deepwater well control, and production safety duties. You must verify that your employees understand and can perform the assigned well control, deepwater well control, or production safety duties.

(b) If you conduct operations with a subsea BOP stack, your employees and contract personnel must be trained in deepwater well control. The trained employees and contract personnel must have a comprehensive knowledge of deepwater well control equipment, practices, and theory.

(c) You must have a training plan that specifies the type, method(s), length, frequency, and content of the training for your employees. Your training plan must specify the method(s) of verifying employee understanding and performance. This plan must include at least the following information:

(1) Procedures for training employees in well control, deepwater well control, or production safety practices;

(2) Procedures for evaluating the training programs of your contractors;

(3) Procedures for verifying that all employees and contractor personnel engaged in well control, deepwater well control, or production safety operations can perform their assigned duties;

(4) Procedures for assessing the training needs of your employees on a periodic basis;

(5) Recordkeeping and documentation procedures; and

(6) Internal audit procedures.

(d) Upon request of the District Manager or Regional Supervisor, you must provide:

(1) Copies of training documentation for personnel involved in well control, deepwater well control, or production safety operations during the past 5 years; and

(2) A copy of your training plan.

§ 250.1504 May I use alternative training methods?

You may use alternative training methods. These methods may include computer-based learning, films, or their equivalents. This training should be reinforced by appropriate demonstrations and ''hands-on'' training. Alternative training methods must be conducted according to, and meet the objectives of, your training plan.

§ 250.1505 Where may I get training for my employees?

You may get training from any source that meets the requirements of your training plan.

§ 250.1506 How often must I train my employees?

You determine the frequency of the training you provide your employees. You must do all of the following:

(a) Provide periodic training to ensure that employees maintain understanding of, and competency in, well control, deepwater well control, or production safety practices;

(b) Establish procedures to verify adequate retention of the knowledge and skills that employees need to perform their assigned well control, deepwater well control, or production safety duties; and

(c) Ensure that your contractors' training programs provide for periodic training and verification of well control, deepwater well control, or production safety knowledge and skills.

§ 250.1507 How will BSEE measure training results?

BSEE may periodically assess your training program, using one or more of the methods in this section.

(a) *Training system audit.* BSEE or its authorized representative may conduct a training system audit at your office. The training system audit will compare your training program against this subpart. You must be prepared to explain your overall training program and produce evidence to support your explanation.

(b) *Employee or contract personnel interviews.* BSEE or its authorized representative may conduct interviews at either onshore or offshore locations to inquire about the types of training that were provided, when and where this training was conducted, and how effective the training was.

(c) *Employee or contract personnel testing.* BSEE or its authorized representative may conduct testing at either onshore or offshore locations for the purpose of evaluating an individual's knowledge and skills in perfecting well control, deepwater well control, and production safety duties.

(d) *Hands-on production safety, simulator, or live well testing.* BSEE or its authorized representative may conduct tests at either onshore or offshore locations. Tests will be designed to evaluate the competency of your employees or contract personnel in performing their assigned well control, deepwater well control, and production safety duties. You are responsible for the costs associated with this testing, excluding salary and travel costs for BSEE personnel.

§ 250.1508 What must I do when BSEE administers written or oral tests?

BSEE or its authorized representative may test your employees or contract personnel at your worksite or at an onshore location. You and your contractors must:

(a) Allow BSEE or its authorized representative to administer written or oral tests; and

(b) Identify personnel by current position, years of experience in present position, years of total oil field experience, and employer's name (e.g., operator, contractor, or sub-contractor company name).

§ 250.1509 What must I do when BSEE administers or requires hands-on, simulator, or other types of testing?

If BSEE or its authorized representative conducts, or requires you or your contractor to conduct hands-on, simulator, or other types of testing, you must:

(a) Allow BSEE or its authorized representative to administer or witness the testing;

(b) Identify personnel by current position, years of experience in present position, years of total oil field experience, and employer's name (e.g., operator, contractor, or sub-contractor company name); and

(c) Pay for all costs associated with the testing, excluding salary and travel costs for BSEE personnel.

§ 250.1510 What will BSEE do if my training program does not comply with this subpart?

If BSEE determines that your training program is not in compliance, we may initiate one or more of the following enforcement actions:

(a) Issue an Incident of Noncompliance (INC);

(b) Require you to revise and submit to BSEE your training plan to address identified deficiencies;

(c) Assess civil/criminal penalties; or

(d) Initiate disqualification procedures.

Subpart P—Sulphur Operations

§ 250.1600 Performance standard.

Operations to discover, develop, and produce sulphur in the OCS shall be in accordance with a BOEM-approved Exploration Plan or Development and Production Plan and shall be conducted in a manner to protect against harm or damage to life (including fish and other aquatic life), property, natural resources of the OCS including any mineral deposits (in areas leased or not leased), the National security or defense, and the marine, coastal, or human environment.

§ 250.1601 Definitions.

Terms used in this subpart shall have the meanings as defined below:

Air line means a tubing string that is used to inject air within a sulphur producing well to airlift sulphur out of the well.

Bleedwater means a mixture of mine water or booster water and connate water that is produced by a bleedwell.

Bleedwell means a well drilled into a producing sulphur deposit that is used to control the mine pressure generated by the injection of mine water.

Brine means the water containing dissolved salt obtained from a brine well by circulating water into and out of a cavity in the salt core of a salt dome.

Brine well means a well drilled through cap rock into the core at a salt dome for the purpose of producing brine.

Cap rock means the rock formation, a body of limestone, anhydride, and/or gypsum, overlying a salt dome.

Sulphur deposit means a formation of rock that contains elemental sulphur.

Sulphur production rate means the number of long tons of sulphur produced during a certain period of time, usually per day.

§ 250.1602 Applicability.

(a) The requirements of this subpart P are applicable to all exploration, development, and production operations under an OCS sulphur lease. Sulphur operations include all activities conducted under a lease for the purpose of discovery or delineation of a sulphur deposit and for the development and production of elemental sulphur. Sulphur operations also include activities conducted for related purposes. Activities conducted for related purposes include, but are not limited to, production of other minerals, such as salt, for use in the exploration for or the development and production of sulphur. The lessee must have obtained the right to produce and/or use these other minerals.

(b) Lessees conducting sulphur operations in the OCS shall comply with the requirements of the applicable provisions of subparts A, B, C, I, J, M, N, O, and Q of this part and the applicable provisions of 30 CFR 550 subparts A, B, C, J and N.

(c) Lessees conducting sulphur operations in the OCS are also required to comply with the requirements in the applicable provisions of subparts D, E, F, H, K, and L of this part and the applicable provisions of 30 CFR 550, subpart K, where such provisions specifically are referenced in this subpart.

§ 250.1603 Determination of sulphur deposit.

(a) Upon receipt of a written request from the lessee, the District Manager will determine whether a sulphur deposit has been defined that contains sulphur in paying quantities (*i.e.*, sulphur in quantities sufficient to yield a return in excess of the costs, after completion of the wells, of producing minerals at the wellheads).

(b) A determination under paragraph (a) of this section shall be based upon the following:

(1) Core analyses that indicate the presence of a producible sulphur deposit (including an assay of elemental sulphur);

(2) An estimate of the amount of recoverable sulphur in long tons over a specified period of time; and

(3) Contour map of the cap rock together with isopach map showing the

extent and estimated thickness of the sulphur deposit.

§ 250.1604 General requirements.

Sulphur lessees shall comply with requirements of this section when conducting well-drilling, well-completion, well-workover, or production operations.

(a) *Equipment movement.* The movement of well-drilling, well-completion, or well-workover rigs and related equipment on and off an offshore platform, or from one well to another well on the same offshore platform, including rigging up and rigging down, shall be conducted in a safe manner.

(b) *Hydrogen sulfide (H_2S).* When a drilling, well-completion, well-workover, or production operation is being conducted on a well in zones known to contain H_2S or in zones where the presence of H_2S is unknown (as defined in § 250.490 of this part), the lessee shall take appropriate precautions to protect life and property, especially during operations such as dismantling wellhead equipment and flow lines and circulating the well. The lessee shall also take appropriate precautions when H_2S is generated as a result of sulphur production operations. The lessee shall comply with the requirements in § 250.490 of this part as well as the requirements of this subpart.

(c) *Welding and burning practices and procedures.* All welding, burning, and hot-tapping activities involved in drilling, well-completion, well-workover or production operations shall be conducted with properly maintained equipment, trained personnel, and appropriate procedures in order to minimize the danger to life and property according to the specific requirements in §§ 250.109 through 250.113 of this part.

(d) *Electrical requirements.* All electrical equipment and systems involved in drilling, well-completion, well-workover, and production operations shall be designed, installed, equipped, protected, operated, and maintained so as to minimize the danger to life and property in accordance with the requirements of § 250.114 of this part.

(e) *Structures on fixed OCS platforms.* Derricks, cranes, masts, substructures, and related equipment shall be selected, designed, installed, used, and maintained so as to be adequate for the potential loads and conditions of loading that may be encountered during the operations. Prior to moving equipment such as a well-drilling, well-completion, or well-workover rig or associated equipment or production equipment onto a platform, the lessee shall determine the structural capability of the platform to safely support the equipment and operations, taking into consideration corrosion protection, platform age, and previous stresses.

(f) *Traveling-block safety device.* All drilling units being used for drilling, well-completion, or well-workover operations that have both a traveling block and a crown block must be equipped with a safety device that is designed to prevent the traveling block from striking the crown block. The device must be checked for proper operation weekly and after each drill-line slipping operation. The results of the operational check must be entered in the operations log.

§ 250.1605 Drilling requirements.

(a) *Sulphur leases.* Lessees of OCS sulphur leases shall conduct drilling operations in accordance with §§ 250.1605 through 250.1619 of this subpart and with other requirements of this part, as appropriate.

(b) *Fitness of drilling unit.* (1) Drilling units shall be capable of withstanding the oceanographic and meteorological conditions for the proposed season and location of operations.

(2) Prior to commencing operation, drilling units shall be made available for a complete inspection by the District Manager.

(3) The lessee shall provide information and data on the fitness of the drilling unit to perform the proposed drilling operation. The information shall be submitted with, or prior to, the submission of Form BSEE–0123, Application for Permit to Drill (APD), in accordance with § 250.1617 of this subpart. After a drilling unit has been approved by a BSEE district office, the information required in this paragraph need not be resubmitted unless required by the District Manager or there are changes in the equipment

that affect the rated capacity of the unit.

(c) *Oceanographic, meteorological, and drilling unit performance data.* Where oceanographic, meteorological, and drilling unit performance data are not otherwise readily available, lessees shall collect and report such data upon request to the District Manager. The type of information to be collected and reported will be determined by the District Manager in the interests of safety in the conduct of operations and the structural integrity of the drilling unit.

(d) *Foundation requirements.* When the lessee fails to provide sufficient information pursuant to 30 CFR 550.211 through 550.228 and 30 CFR 550.241 through 550.262 to support a determination that the seafloor is capable of supporting a specific bottom-founded drilling unit under the site-specific soil and oceanographic conditions, the District Manager may require that additional surveys and soil borings be performed and the results submitted for review and evaluation by the District Manager before approval is granted for commencing drilling operations.

(e) *Tests, surveys, and samples.* (1) Lessees shall drill and take cores and/or run well and mud logs through the objective interval to determine the presence, quality, and quantity of sulphur and other minerals (e.g., oil and gas) in the cap rock and the outline of the commercial sulphur deposit.

(2) Inclinational surveys shall be obtained on all vertical wells at intervals not exceeding 1,000 feet during the normal course of drilling. Directional surveys giving both inclination and azimuth shall be obtained on all directionally drilled wells at intervals not exceeding 500 feet during the normal course of drilling and at intervals not exceeding 200 feet in all planned angle-change portions of the borehole.

(3) Directional surveys giving both inclination and azimuth shall be obtained on both vertically and directionally drilled wells at intervals not exceeding 500 feet prior to or upon setting a string of casing, or production liner, and at total depth. Composite directional surveys shall be prepared with the interval shown from the bottom of the conductor casing. In calculating all surveys, a correction from the true north to Universal-Transverse-Mercator-Grid-north or Lambert-Grid-north shall be made after making the magnetic-to-true-north correction. A composite dipmeter directional survey or a composite measurement while-drilling directional survey will be acceptable as fulfilling the applicable requirements of this paragraph.

(4) Wells are classified as vertical if the calculated average of inclination readings weighted by the respective interval lengths between readings from surface to drilled depth does not exceed 3 degrees from the vertical. When the calculated average inclination readings weighted by the length of the respective interval between readings from the surface to drilled depth exceeds 3 degrees, the well is classified as directional.

(5) At the request of a holder of an adjoining lease, the Regional Supervisor may, for the protection of correlative rights, furnish a copy of the directional survey to that leaseholder.

(f) *Fixed drilling platforms.* Applications for installation of fixed drilling platforms or structures including artificial islands shall be submitted in accordance with the provisions of subpart I, Platforms and Structures, of this part. Mobile drilling units that have their jacking equipment removed or have been otherwise immobilized are classified as fixed bottom founded drilling platforms.

(g) *Crane operations.* You must operate a crane installed on fixed platforms according to § 250.108 of this subpart.

(h) *Diesel-engine air intakes.* Diesel-engine air intakes must be equipped with a device to shut down the diesel engine in the event of runaway. Diesel engines that are continuously attended must be equipped with either remote-operated manual or automatic-shutdown devices. Diesel engines that are not continuously attended must be equipped with automatic shutdown devices.

§ 250.1606 Control of wells.

The lessee shall take necessary precautions to keep its wells under control at all times. Operations shall be conducted in a safe and workmanlike manner. The lessee shall utilize the

best available and safest drilling technologies and state-of-the-art methods to evaluate and minimize the potential for a well to flow or kick. The lessee shall utilize personnel who are trained and competent and shall utilize and maintain equipment and materials necessary to assure the safety and protection of personnel, equipment, natural resources, and the environment.

§ 250.1607 Field rules.

When geological and engineering information in a field enables a District Manager to determine specific operating requirements, field rules may be established for drilling, well completion, or well workover on the District Manager's initiative or in response to a request from a lessee; such rules may modify the specific requirements of this subpart. After field rules have been established, operations in the field shall be conducted in accordance with such rules and other requirements of this subpart. Field rules may be amended or canceled for cause at any time upon the initiative of the District Manager or upon the request of a lessee.

§ 250.1608 Well casing and cementing.

(a) *General requirements*. (1) For the purpose of this subpart, the several casing strings in order of normal installation are:

(i) Drive or structural,

(ii) Conductor,

(iii) Cap rock casing,

(iv) Bobtail cap rock casing (required when the cap rock casing does not penetrate into the cap rock),

(v) Second cap rock casing (brine wells), and

(vi) Production liner.

(2) The lessee shall case and cement all wells with a sufficient number of strings of casing cemented in a manner necessary to prevent release of fluids from any stratum through the wellbore (directly or indirectly) into the sea, protect freshwater aquifers from contamination, support unconsolidated sediments, and otherwise provide a means of control of the formation pressures and fluids. Cement composition, placement techniques, and waiting time shall be designed and conducted so that the cement in place behind the bottom 500 feet of casing or total length of annular cement fill, if less, attains a minimum compressive strength of 160 pounds per square inch (psi).

(3) The lessee shall install casing designed to withstand the anticipated stresses imposed by tensile, compressive, and buckling loads; burst and collapse pressures; thermal effects; and combinations thereof. Safety factors in the drilling and casing program designs shall be of sufficient magnitude to provide well control during drilling and to assure safe operations for the life of the well.

(4) In cases where cement has filled the annular space back to the mud line, the cement may be washed out or displaced to a depth not exceeding the depth of the structural casing shoe to facilitate casing removal upon well abandonment if the District Manager determines that subsurface protection against damage to freshwater aquifers and against damage caused by adverse loads, pressures, and fluid flows is not jeopardized.

(5) If there are indications of inadequate cementing (such as lost returns, cement channeling, or mechanical failure of equipment), the lessee shall evaluate the adequacy of the cementing operations by pressure testing the casing shoe. If the test indicates inadequate cementing, the lessee shall initiate remedial action as approved by the District Manager. For cap rock casing, the test for adequacy of cementing shall be the pressure testing of the annulus between the cap rock and the conductor casings. The pressure shall not exceed 70 percent of the burst pressure of the conductor casing or 70 percent of the collapse pressure of the cap rock casing.

(b) *Drive or structural casing*. This casing shall be set by driving, jetting, or drilling to a minimum depth of 100 feet below the mud line or such other depth, as may be required or approved by the District Manager, in order to support unconsolidated deposits and to provide hole stability for initial drilling operations. If this portion of the hole is drilled, a quantity of cement sufficient to fill the annular space back to the mud line shall be used.

(c) *Conductor and cap rock casing setting and cementing requirements.* (1) Conductor and cap rock casing design and setting depths shall be based upon relevant engineering and geologic factors including the presence or absence of hydrocarbons, potential hazards, and water depths. The proposed casing setting depths may be varied, subject to District Manager approval, to permit the casing to be set in a competent formation or through formations determined desirable to be isolated from the wellbore by casing for safer drilling operations. However, the conductor casing shall be set immediately prior to drilling into formations known to contain oil or gas or, if unknown, upon encountering such formations. Cap rock casing shall be set and cemented through formations known to contain oil or gas or, if unknown, upon encountering such formations. Upon encountering unexpected formation pressures, the lessee shall submit a revised casing program to the District Manager for approval.

(2) Conductor casing shall be cemented with a quantity of cement that fills the calculated annular space back to the mud line. Cement fill shall be verified by the observation of cement returns. In the event that observation of cement returns is not feasible, additional quantities of cement shall be used to assure fill to the mud line.

(3) Cap rock casing shall be cemented with a quantity of cement that fills the calculated annular space to at least 200 feet inside the conductor casing. When geologic conditions such as near surface fractures and faulting exist, cap rock casing shall be cemented with a quantity of cement that fills the calculated annular space to the mud line, unless otherwise approved by the District Manager. In brine wells, the second cap rock casing shall be cemented with a quantity of cement that fills the calculated annular space to at least 200 feet above the setting depth of the first cap rock casing.

(d) *Bobtail cap rock casing setting and cementing requirements.* (1) Bobtail cap rock casing shall be set on or just in cap rock and lapped a minimum of 100 feet into the previous casing string.

(2) Sufficient cement shall be used to fill the annular space to the top of the bobtail cap rock casing.

(e) *Production liner setting and cementing requirements.* (1) Production liners for sulphur wells and bleedwells shall be set in cap rock at or above the bottom of the open hole (hole that is open in cap rock, below the bottom of the cap rock casing) and lapped into the previous casing string or to the surface. For brine wells, the liner shall be set in salt and lapped into the previous casing string or to the surface.

(2) The production liner is not required to be cemented unless the cap rock contains oil or gas. If the cap rock contains oil or gas, sufficient cement shall be used to fill the annular space to the top of the production liner.

§ 250.1609 Pressure testing of casing.

(a) Prior to drilling the plug after cementing, all casing strings, except the drive or structural casing, shall be pressure tested. The conductor casing shall be tested to at least 200 psi. All casing strings below the conductor casing shall be tested to 500 psi or 0.22 psi/ft, whichever is greater. (When oil or gas is not present in the cap rock, the production liner need not be cemented in place; thus, it would not be subject to pressure testing.) If the pressure declines more than 10 percent in 30 minutes or if there is another indication of a leak, the casing shall be recemented, repaired, or an additional casing string run and the casing tested again. The above procedures shall be repeated until a satisfactory test is obtained. The time, conditions of testing, and results of all casing pressure tests shall be recorded in the driller's report.

(b) After cementing any string of casing other than structural, drilling shall not be resumed until there has been a timelapse of at least 8 hours under pressure for the conductor casing string or 12 hours under pressure for all other casing strings. Cement is considered under pressure if one or more float valves are shown to be holding the cement in place or when other means of holding pressure are used.

§ 250.1610 Blowout preventer systems and system components.

(a) *General.* The blowout preventer (BOP) systems and system components shall be designed, installed, used, maintained, and tested to assure well control.

(b) *BOP stacks.* The BOP stacks shall consist of an annular preventer and the number of ram-type preventers as specified under paragraphs (e) and (f) of this section. The pipe rams shall be of proper size to fit the drill pipe in use.

(c) *Working pressure.* The working-pressure rating of any BOP shall exceed the surface pressure to which it may be anticipated to be subjected.

(d) *BOP equipment.* All BOP systems shall be equipped and provided with the following:

(1) An accumulator system that provides sufficient capacity to supply 1.5 times the volume necessary to close and hold closed all BOP equipment units with a minimum pressure of 200 psi above the precharge pressure, without assistance from a charging system. Accumulator regulators supplied by rig air that do not have a secondary source of pneumatic supply must be equipped with manual overrides or other devices alternately provided to ensure capability of hydraulic operations if rig air is lost.

(2) An automatic backup to the accumulator system. The backup system shall be supplied by a power source independent from the power source to the primary accumulator system. The automatic backup system shall possess sufficient capability to close the BOP and hold it closed.

(3) At least one operable remote BOP control station in addition to the one on the drilling floor. This control station shall be in a readily accessible location away from the drilling floor.

(4) A drilling spool with side outlets, if side outlets are not provided in the body of the BOP stack, to provide for separate kill and choke lines.

(5) A choke line and a kill line each equipped with two full-opening valves. At least one of the valves on the choke line and one valve on the kill line shall be remotely controlled, except that a check valve may be installed on the kill line in lieu of the remotely controlled valve, provided that two readily accessible manual valves are in place and the check valve is placed between the manual valve and the pump.

(6) A fill-up line above the uppermost preventer.

(7) A choke manifold designed with consideration of anticipated pressures to which it may be subjected, method of well control to be employed, surrounding environment, and corrosiveness, volume, and abrasiveness of fluids. The choke manifold shall also meet the following requirements:

(i) Manifold and choke equipment subject to well and/or pump pressure shall have a rated working pressure at least as great as the rated working pressure of the ram-type BOP's or as otherwise approved by the District Manager;

(ii) All components of the choke manifold system shall be protected from freezing by heating, draining, or filling with proper fluids; and

(iii) When buffer tanks are installed downstream of the choke assemblies for the purpose of manifolding the bleed lines together, isolation valves shall be installed on each line.

(8) Valves, pipes, flexible steel hoses, and other fittings upstream of, and including, the choke manifold with a pressure rating at least as great as the rated working pressure of the ram-type BOP's unless otherwise approved by the District Manager.

(9) A wellhead assembly with a rated working pressure that exceeds the pressure to which it might be subjected.

(10) The following system components:

(i) A kelly cock (an essentially full-opening valve) installed below the swivel and a similar valve of such design that it can be run through the BOP stack installed at the bottom of the kelly. A wrench to fit each valve shall be stored in a location readily accessible to the drilling crew;

(ii) An inside BOP and an essentially full-opening, drill-string safety valve in the open position on the rig floor at all times while drilling operations are being conducted. These valves shall be maintained on the rig floor to fit all connections that are in the drill string. A wrench to fit the drill-string safety valve shall be stored in a location readily accessible to the drilling crew;

(iii) A safety valve available on the rig floor assembled with the proper connection to fit the casing string being run in the hole; and

(iv) Locking devices installed on the ram-type preventers.

(e) *BOP requirements*. Prior to drilling below cap rock casing, a BOP system shall be installed consisting of at least three remote-controlled, hydraulically operated BOP's including at least one equipped with pipe rams, one with blind rams, and one annular type.

(f) *Tapered drill-string operations*. Prior to commencing tapered drill-string operations, the BOP stack shall be equipped with conventional and/or variable-bore pipe rams to provide either of the following:

(1) One set of variable bore rams capable of sealing around both sizes in the string and one set of blind rams, or

(2) One set of pipe rams capable of sealing around the larger size string, provided that blind-shear ram capability is present, and crossover subs to the larger size pipe are readily available on the rig floor.

§ 250.1611 Blowout preventer systems tests, actuations, inspections, and maintenance.

(a) Prior to conducting high-pressure tests, all BOP systems shall be tested to a pressure of 200 to 300 psi.

(b) Ram-type BOP's and the choke manifold shall be pressure tested with water to rated working pressure or as otherwise approved by the District Manager. Annular type BOP's shall be pressure tested with water to 70 percent of rated working pressure or as otherwise approved by the District Manager.

(c) In conjunction with the weekly pressure test of BOP systems required in paragraph (d) of this section, the choke manifold valves, upper and lower kelly cocks, and drill-string safety valves shall be pressure tested to pipe-ram test pressures. Safety valves with proper casing connections shall be actuated prior to running casing.

(d) BOP system shall be pressure tested as follows:

(1) When installed;

(2) Before drilling out each string of casing or before continuing operations in cases where cement is not drilled out;

(3) At least once each week, but not exceeding 7 days between pressure tests, alternating between control stations. If either control system is not functional, further drilling operations shall be suspended until that system becomes operable. A period of more than 7 days between BOP tests is allowed when there is a stuck drill pipe or there are pressure control operations and remedial efforts are being performed, provided that the pressure tests are conducted as soon as possible and before normal operations resume. The date, time, and reason for postponing pressure testing shall be entered into the driller's report. Pressure testing shall be performed at intervals to allow each drilling crew to operate the equipment. The weekly pressure test is not required for blind and blind-shear rams;

(4) Blind and blind-shear rams shall be actuated at least once every 7 days. Closing pressure on the blind and blind-shear rams greater than necessary to indicate proper operation of the rams is not required;

(5) Variable bore-pipe rams shall be pressure tested against all sizes of pipe in use, excluding drill collars and bottomhole tools; and

(6) Following the disconnection or repair of any well-pressure containment seal in the wellhead/BOP stack assembly. In this situation, the pressure tests may be limited to the affected component.

(e) All BOP systems shall be inspected and maintained to assure that the equipment will function properly. The BOP systems shall be visually inspected at least once each day. The manufacturer's recommended inspection and maintenance procedures are acceptable as guidelines in complying with this requirement.

(f) The lessee shall record pressure conditions during BOP tests on pressure charts, unless otherwise approved by the District Manager. The test duration for each BOP component tested shall be sufficient to demonstrate that the component is effectively holding pressure. The charts shall be certified as correct by the operator's representative at the facility.

(g) The time, date, and results of all pressure tests, actuations, inspections, and crew drills of the BOP system and system components shall be recorded in the driller's report. The BOP tests shall be documented in accordance with the following:

(1) The documentation shall indicate the sequential order of BOP and auxiliary equipment testing and the pressure and duration of each test. As an alternate, the documentation in the driller's report may reference a BOP test plan that contains the required information and is retained on file at the facility.

(2) The control station used during the test shall be identified in the driller's report.

(3) Any problems or irregularities observed during BOP and auxiliary equipment testing and any actions taken to remedy such problems or irregularities shall be noted in the driller's report.

(4) Documentation required to be entered in the driller's report may instead be referenced in the driller's report. All records, including pressure charts, driller's report, and referenced documents, pertaining to BOP tests, actuations, and inspections, shall be available for BSEE review at the facility for the duration of the drilling activity. Following completion of the drilling activity, all drilling records shall be retained for a period of 2 years at the facility, at the lessee's field office nearest the OCS facility, or at another location conveniently available to the District Manager.

§ 250.1612 Well-control drills.

Well-control drills shall be conducted for each drilling crew in accordance with the requirements set forth in § 250.462 of this part or as approved by the District Manager.

§ 250.1613 Diverter systems.

(a) When drilling a conductor or cap rock hole, all drilling units shall be equipped with a diverter system consisting of a diverter sealing element, diverter lines, and control systems. The diverter system shall be designed, installed, and maintained so as to divert gases, water, mud, and other materials away from the facilities and personnel.

(b) The diverter system shall be equipped with remote-control valves in the flow lines that can be operated from at least one remote-control station in addition to the one on the drilling floor. Any valve used in a diverter system shall be full opening. No manual or butterfly valves shall be installed in any part of a diverter system. There shall be a minimum number of turns in the vent line(s) downstream of the spool outlet flange, and the radius of curvature of turns shall be as large as practicable. Flexible hose may be used for diversion lines instead of rigid pipe if the flexible hose has integral end couplings. The entire diverter system shall be firmly anchored and supported to prevent whipping and vibrations. All diverter control equipment and lines shall be protected from physical damage from thrown and falling objects.

(c) For drilling operations conducted with a surface wellhead configuration, the following shall apply:

(1) If the diverter system utilizes only one spool outlet, branch lines shall be installed to provide downwind diversion capability, and

(2) No spool outlet or diverter line internal diameter shall be less than 10 inches, except that dual spool outlets are acceptable if each outlet has a minimum internal diameter of 8 inches, and both outlets are piped to overboard lines and that each line downstream of the changeover nipple at the spool has a minimum internal diameter of 10 inches.

(d) The diverter sealing element and diverter valves shall be pressure tested to a minimum of 200 psi when nippled upon conductor casing. No more than 7 days shall elapse between subsequent pressure tests. The diverter sealing element, diverter valves, and diverter control systems (including the remote) shall be actuation tested, and the diverter lines shall be tested for flow prior to spudding and thereafter at least once each 24-hour period alternating between control stations. All test times and results shall be recorded in the driller's report.

§ 250.1614 Mud program.

(a) The quantities, characteristics, use, and testing of drilling mud and the

related drilling procedures shall be designed and implemented to prevent the loss of well control.

(b) The lessee shall comply with requirements concerning mud control, mud test and monitoring equipment, mud quantities, and safety precautions in enclosed mud handling areas as prescribed in §§ 250.455 through 250.459 of this part, except that the installation of an operable degasser in the mud system as required in § 250.456(g) is not required for sulphur operations.

§ 250.1615 Securing of wells.

A downhole-safety device such as a cement plug, bridge plug, or packer shall be timely installed when drilling operations are interrupted by events such as those that force evacuation of the drilling crew, prevent station keeping, or require repairs to major drilling units or well-control equipment. The use of blind-shear rams or pipe rams and an inside BOP may be approved by the District Manager in lieu of the above requirements if cap rock casing has been set.

§ 250.1616 Supervision, surveillance, and training.

(a) The lessee shall provide onsite supervision of drilling operations at all times.

(b) From the time drilling operations are initiated and until the well is completed or abandoned, a member of the drilling crew or the toolpusher shall maintain rig-floor surveillance continuously, unless the well is secured with BOP's, bridge plugs, packers, or cement plugs.

(c) Lessee and drilling contractor personnel shall be trained and qualified in accordance with the provisions of subpart O of this part. Records of specific training that lessee and drilling contractor personnel have successfully completed, the dates of completion, and the names and dates of the courses shall be maintained at the drill site.

§ 250.1617 Application for permit to drill.

(a) Before drilling a well under a BOEM-approved Exploration Plan, Development and Production Plan, or Development Operations Coordination Document, you must file Form BSEE–0123, APD, with the District Manager for approval. The submission of your APD must be accompanied by payment of the service fee listed in § 250.125. Before starting operations, you must receive written approval from the District Manager unless you received oral approval under § 250.140.

(b) An APD shall include rated capacities of the proposed drilling unit and of major drilling equipment. After a drilling unit has been approved for use in a BSEE district, the information need not be resubmitted unless required by the District Manager or there are changes in the equipment that affect the rated capacity of the unit.

(c) An APD shall include a fully completed Form BSEE–0123 and the following:

(1) A plat, drawn to a scale of 2,000 feet to the inch, showing the surface and subsurface location of the well to be drilled and of all the wells previously drilled in the vicinity from which information is available. For development wells on a lease, the wells previously drilled in the vicinity need not be shown on the plat. Locations shall be indicated in feet from the nearest block line;

(2) The design criteria considered for the well and for well control, including the following:

(i) Pore pressure;

(ii) Formation fracture gradients;

(iii) Potential lost circulation zones;

(iv) Mud weights;

(v) Casing setting depths;

(vi) Anticipated surface pressures (which for purposes of this section are defined as the pressure that can reasonably be expected to be exerted upon a casing string and its related wellhead equipment). In the calculation of anticipated surface pressure, the lessee shall take into account the drilling, completion, and producing conditions. The lessee shall consider mud densities to be used below various casing strings, fracture gradients of the exposed formations, casing setting depths, and cementing intervals, total well depth, formation fluid type, and other pertinent conditions. Considerations for calculating anticipated surface pressure may vary for each segment of the well. The lessee shall include as a part of the

statement of anticipated surface pressure the calculations used to determine this pressure during the drilling phase and the completion phase, including the anticipated surface pressure used for production string design; and

(vii) If a shallow hazards site survey is conducted, the lessee shall submit with or prior to the submittal of the APD, two copies of a summary report describing the geological and manmade conditions present. The lessee shall also submit two copies of the site maps and data records identified in the survey strategy.

(3) A BOP equipment program including the following:

(i) The pressure rating of BOP equipment,

(ii) A schematic drawing of the diverter system to be used (plan and elevation views) showing spool outlet internal diameter(s); diverter line lengths and diameters, burst strengths, and radius of curvature at each turn; valve type, size, working-pressure rating, and location; the control instrumentation logic; and the operating procedure to be used by personnel, and

(iii) A schematic drawing of the BOP stack showing the inside diameter of the BOP stack and the number of annular, pipe ram, variable-bore pipe ram, blind ram, and blind-shear ram preventers.

(4) A casing program including the following:

(i) Casing size, weight, grade, type of connection and setting depth, and

(ii) Casing design safety factors for tension, collapse, and burst with the assumptions made to arrive at these values.

(5) The drilling prognosis including the following:

(i) Estimated coring intervals,

(ii) Estimated depths to the top of significant marker formations, and

(iii) Estimated depths at which encounters with fresh water, sulphur, oil, gas, or abnormally pressured water are expected.

(6) A cementing program including type and amount of cement in cubic feet to be used for each casing string;

(7) A mud program including the minimum quantities of mud and mud materials, including weight materials, to be kept at the site;

(8) A directional survey program for directionally drilled wells;

(9) An H_2S Contingency Plan, if applicable, and if not previously submitted; and

(10) Such other information as may be required by the District Manager.

(d) Public information copies of the APD shall be submitted in accordance with § 250.186 of this part.

§ 250.1618 Application for permit to modify.

(a) You must submit requests for changes in plans, changes in major drilling equipment, proposals to deepen, sidetrack, complete, workover, or plug back a well, or engage in similar activities to the District Manager on Form BSEE–0124, Application for Permit to Modify (APM). The submission of your APM must be accompanied by payment of the service fee listed in § 250.125. Before starting operations associated with the change, you must receive written approval from the District Manager unless you received oral approval under § 250.140.

(b) The Form BSEE–0124 submittal shall contain a detailed statement of the proposed work that will materially change from the work described in the approved APD. Information submitted shall include the present state of the well, including the production liner and last string of casing, the well depth and production zone, and the well's capability to produce. Within 30 days after completion of the work, a subsequent detailed report of all the work done and the results obtained shall be submitted.

(c) Public information copies of Form BSEE–0124 shall be submitted in accordance with § 250.186 of this part.

§ 250.1619 Well records.

(a) Complete and accurate records for each well and all well operations shall be retained for a period of 2 years at the lessee's field office nearest the OCS facility or at another location conveniently available to the District Manager. The records shall contain a description of any significant malfunction or problem; all the formations penetrated; the content and character of sulphur in each formation if cored and analyzed; the kind, weight, size,

grade, and setting depth of casing; all well logs and surveys run in the wellbore; and all other information required by the District Manager in the interests of resource evaluation, prevention of waste, conservation of natural resources, protection of correlative rights, safety of operations, and environmental protection.

(b) When drilling operations are suspended or temporarily prohibited under the provisions of § 250.170 of this part, the lessee shall, within 30 days after termination of the suspension or temporary prohibition or within 30 days after the completion of any activities related to the suspension or prohibition, transmit to the District Manager duplicate copies of the records of all activities related to and conducted during the suspension or temporary prohibition on, or attached to, Form BSEE–0125, End of Operations Report, or Form BSEE–0124, Application for Permit to Modify, as appropriate.

(c) Upon request by the District Manager or Regional Supervisor, the lessee shall furnish the following:

(1) Copies of the records of any of the well operations specified in paragraph (a) of this section;

(2) Copies of the driller's report at a frequency as determined by the District Manager. Items to be reported include spud dates, casing setting depths, cement quantities, casing characteristics, mud weights, lost returns, and any unusual activities; and

(3) Legible, exact copies of reports on cementing, acidizing, analyses of cores, testing, or other similar services.

(d) As soon as available, the lessee shall transmit copies of logs and charts developed by well-logging operations, directional-well surveys, and core analyses. Composite logs of multiple runs and directional-well surveys shall be transmitted to the District Manager in duplicate as soon as available but not later than 30 days after completion of such operations for each well.

(e) If the District Manager determines that circumstances warrant, the lessee shall submit any other reports and records of operations in the manner and form prescribed by the District Manager.

§ 250.1620 Well-completion and well-workover requirements.

(a) Lessees shall conduct well-completion and well-workover operations in sulphur wells, bleedwells, and brine wells in accordance with §§ 250.1620 through 250.1626 of this part and other provisions of this part as appropriate (see §§ 250.501 and 250.601 of this part for the definition of well-completion and well-workover operations).

(b) Well-completion and well-workover operations shall be conducted in a manner to protect against harm or damage to life (including fish and other aquatic life), property, natural resources of the OCS including any mineral deposits (in areas leased and not leased), the National security or defense, or the marine, coastal, or human environment.

§ 250.1621 Crew instructions.

Prior to engaging in well-completion or well-workover operations, crew members shall be instructed in the safety requirements of the operations to be performed, possible hazards to be encountered, and general safety considerations to protect personnel, equipment, and the environment. Date and time of safety meetings shall be recorded and available for BSEE review.

§ 250.1622 Approvals and reporting of well-completion and well-workover operations.

(a) No well-completion or well-workover operation shall begin until the lessee receives written approval from the District Manager. Approval for such operations shall be requested on Form BSEE–0124. Approvals by the District Manager shall be based upon a determination that the operations will be conducted in a manner to protect against harm or damage to life, property, natural resources of the OCS, including any mineral deposits, the National security or defense, or the marine, coastal, or human environment.

(b) The following information shall be submitted with Form BSEE–0124 (or with Form BSEE–0123):

(1) A brief description of the well-completion or well-workover procedures to be followed;

(2) When changes in existing subsurface equipment are proposed, a schematic drawing showing the well equipment; and

(3) Where the well is in zones known to contain H_2S or zones where the presence of H_2S is unknown, a description of the safety precautions to be implemented.

(c)(1) Within 30 days after completion, Form BSEE–0125, including a schematic of the tubing and the results of any well tests, shall be submitted to the District Manager.

(2) Within 30 days after completing the well-workover operation, except routine operations, Form BSEE–0124 shall be submitted to the District Manager and shall include the results of any well tests and a new schematic of the well if any subsurface equipment has been changed.

§ 250.1623 Well-control fluids, equipment, and operations.

(a) Well-control fluids, equipment, and operations shall be designed, utilized, maintained, and/or tested as necessary to control the well in foreseeable conditions and circumstances, including subfreezing conditions. The well shall be continuously monitored during well-completion and well-workover operations and shall not be left unattended at any time unless the well is shut in and secured;

(b) The following well-control fluid equipment shall be installed, maintained, and utilized:

(1) A fill-up line above the uppermost BOP,

(2) A well-control fluid-volume measuring device for determining fluid volumes when filling the hole on trips, and

(3) A recording mud-pit-level indicator to determine mud-pit-volume gains and losses. This indicator shall include both a visual and an audible warning device.

(c) When coming out of the hole with drill pipe or a workover string, the annulus shall be filled with well-control fluid before the change in fluid level decreases the hydrostatic pressure 75 psi or every five stands of drill pipe or workover string, whichever gives a lower decrease in hydrostatic pressure. The number of stands of drill pipe or workover string and drill collars that may be pulled prior to filling the hole and the equivalent well-control fluid volume shall be calculated and posted near the operator's station. A mechanical, volumetric, or electronic device for measuring the amount of well-control fluid required to fill the hole shall be utilized.

§ 250.1624 Blowout prevention equipment.

(a) The BOP system and system components and related well-control equipment shall be designed, used, maintained, and tested in a manner necessary to assure well control in foreseeable conditions and circumstances, including subfreezing conditions. The working pressure of the BOP system and system components shall equal or exceed the expected surface pressure to which they may be subjected.

(b) The minimum BOP stack for well-completion operations or for well-workover operations with the tree removed shall consist of the following:

(1) Three remote-controlled, hydraulically operated preventers including at least one equipped with pipe rams, one with blind rams, and one annular type.

(2) When a tapered string is used, the minimum BOP stack shall consist of either of the following:

(i) An annular preventer, one set of variable bore rams capable of sealing around both sizes in the string, and one set of blind rams; or

(ii) An annular preventer, one set of pipe rams capable of sealing around the larger size string, a preventer equipped with blind-shear rams, and a crossover sub to the larger size pipe that shall be readily available on the rig floor.

(c) The BOP systems for well-completion operations, or for well-workover operations with the tree removed, shall be equipped with the following:

(1) An accumulator system that provides sufficient capacity to supply 1.5 times the volume necessary to close and hold closed all BOP equipment units with a minimum pressure of 200 psi above the precharge pressure without assistance from a charging system. After February 14, 1992, accumulator regulators supplied by rig air which do

not have a secondary source of pneumatic supply shall be equipped with manual overrides or alternately other devices provided to ensure capability of hydraulic operations if rig air is lost;

(2) An automatic backup to the accumulator system supplied by a power source independent from the power source to the primary accumulator system and possessing sufficient capacity to close all BOP's and hold them closed;

(3) Locking devices for the pipe-ram preventers;

(4) At least one remote BOP-control station and one BOP-control station on the rig floor; and

(5) A choke line and a kill line each equipped with two full-opening valves and a choke manifold. One of the choke-line valves and one of the kill-line valves shall be remotely controlled except that a check valve may be installed on the kill line in lieu of the remotely-controlled valve provided that two readily accessible manual valves are in place, and the check valve is placed between the manual valve and the pump.

(d) The minimum BOP-stack components for well-workover operations with the tree in place and performed through the wellhead inside of the sulphur line using small diameter jointed pipe (usually ¾ inch to 1¼ inch) as a work string; *i.e.*, small-tubing operations, shall consist of the following:

(1) For air line changes, the well shall be killed prior to beginning operations. The procedures for killing the well shall be included in the description of well-workover procedures in accordance with § 250.1622 of this part. Under these circumstances, no BOP equipment is required.

(2) For other work inside of the sulphur line, a tubing stripper or annular preventer shall be installed prior to beginning work.

(e) An essentially full-opening, work-string safety valve shall be maintained on the rig floor at all times during well-completion operations. A wrench to fit the work-string safety valve shall be readily available. Proper connections shall be readily available for inserting a safety valve in the work string.

§ 250.1625 Blowout preventer system testing, records, and drills.

(a) Prior to conducting high-pressure tests, all BOP systems shall be tested to a pressure of 200 to 300 psi.

(b) Ram-type BOP's and the choke manifold shall be pressure tested with water to a rated working pressure or as otherwise approved by the District Manager. Annular type BOP's shall be pressure tested with water to 70 percent of rated working pressure or as otherwise approved by the District Manager.

(c) In conjunction with the weekly pressure test of BOP systems required in paragraph (d) of this section, the choke manifold valves, upper and lower kelly cocks, and drill-string safety valves shall be pressure tested to pipe-ram test pressures. Safety valves with proper casing connections shall be actuated prior to running casing.

(d) BOP system shall be pressure tested as follows:

(1) When installed;

(2) Before drilling out each string of casing or before continuing operations in cases where cement is not drilled out;

(3) At least once each week, but not exceeding 7 days between pressure tests, alternating between control stations. If either control system is not functional, further drilling operations shall be suspended until that system becomes operable. A period of more than 7 days between BOP tests is allowed when there is a stuck drill pipe or there are pressure control operations, and remedial efforts are being performed, provided that the pressure tests are conducted as soon as possible and before normal operations resume. The time, date, and reason for postponing pressure testing shall be entered into the driller's report. Pressure testing shall be performed at intervals to allow each drilling crew to operate the equipment. The weekly pressure test is not required for blind and blind-shear rams;

(4) Blind and blind-shear rams shall be actuated at least once every 7 days. Closing pressure on the blind and blind-shear rams greater than necessary to indicate proper operation of the rams is not required;

(5) Variable bore-pipe rams shall be pressure tested against all sizes of pipe in use, excluding drill collars and bottomhole tools; and

(6) Following the disconnection or repair of any well-pressure containment seal in the wellhead/BOP stack assembly, the pressure tests may be limited to the affected component.

(e) All personnel engaged in well-completion operations shall participate in a weekly BOP drill to familiarize crew members with appropriate safety measures.

(f) The lessee shall record pressure conditions during BOP tests on pressure charts, unless otherwise approved by the District Manager. The test duration for each BOP component tested shall be sufficient to demonstrate that the component is effectively holding pressure. The charts shall be certified as correct by the operator's representative at the facility.

(g) The time, date, and results of all pressure tests, actuations, inspections, and crew drills of the BOP system and system components shall be recorded in the operations log. The BOP tests shall be documented in accordance with the following:

(1) The documentation shall indicate the sequential order of BOP and auxiliary equipment testing and the pressure and duration of each test. As an alternate, the documentation in the operations log may reference a BOP test plan that contains the required information and is retained on file at the facility.

(2) The control station used during the test shall be identified in the operations log.

(3) Any problems or irregularities observed during BOP and auxiliary equipment testing and any actions taken to remedy such problems or irregularities shall be noted in the operations log.

(4) Documentation required to be entered in the driller's report may instead be referenced in the driller's report. All records, including pressure charts, driller's report, and referenced documents, pertaining to BOP tests, actuations, and inspections shall be available for BSEE review at the facility for the duration of the drilling activity. Following completion of the drilling activity, all drilling records shall be retained for a period of 2 years at the facility, at the lessee's field office nearest the OCS facility, or at another location conveniently available to the District Manager.

§ 250.1626 Tubing and wellhead equipment.

(a) No tubing string shall be placed into service or continue to be used unless such tubing string has the necessary strength and pressure integrity and is otherwise suitable for its intended use.

(b) Wellhead, tree, and related equipment shall be designed, installed, tested, used, and maintained so as to achieve and maintain pressure control.

§ 250.1627 Production requirements.

(a) The lessee shall conduct sulphur production operations in compliance with the approved Development and Production Plan requirements of §§ 250.1627 through 250.1634 of this subpart and requirements of this part, as appropriate.

(b) Production safety equipment shall be designed, installed, used, maintained, and tested in a manner to assure the safety of operations and protection of the human, marine, and coastal environments.

§ 250.1628 Design, installation, and operation of production systems.

(a) *General.* All production facilities shall be designed, installed, and maintained in a manner that provides for efficiency and safety of operations and protection of the environment.

(b) *Approval of design and installation features for sulphur production facilities.* Prior to installation, the lessee shall submit a sulphur production system application, in duplicate, to the District Manager for approval. The application shall include information relative to the proposed design and installation features. Information concerning approved design and installation features shall be maintained by the lessee at the lessee's offshore field office nearest the OCS facility or at another location conveniently available to the District Manager. All approvals are subject to field verification. The application shall include the following:

(1) A schematic flow diagram showing size, capacity, design, working pressure of separators, storage tanks, compressor pumps, metering devices, and other sulphur-handling vessels;

(2) A schematic piping diagram showing the size and maximum allowable working pressures as determined in accordance with API RP 14E, Recommended Practice for Design and Installation of Offshore Production Platform Piping Systems (as incorporated by reference in § 250.198);

(3) Electrical system information including a plan of each platform deck, outlining all hazardous areas classified according to API RP 500, Recommended Practice for Classification of Locations for Electrical Installations at Petroleum Facilities Classified as Class I, Division 1 and Division 2, or API RP 505, Recommended Practice for Classification of Locations for Electrical Installations at Petroleum Facilities Classified as Class I, Zone 0, Zone 1, and Zone 2 (as incorporated by reference in § 250.198), and outlining areas in which potential ignition sources are to be installed;

(4) Certification that the design for the mechanical and electrical systems to be installed were approved by registered professional engineers. After these systems are installed, the lessee shall submit a statement to the District Manager certifying that the new installations conform to the approved designs of this subpart.

(c) *Hydrocarbon handling vessels associated with fuel gas system.* You must protect hydrocarbon handling vessels associated with the fuel gas system with a basic and ancillary surface safety system. This system must be designed, analyzed, installed, tested, and maintained in operating condition in accordance with API RP 14C, Analysis, Design, Installation, and Testing of Basic Surface Safety Systems for Offshore Production Platforms (as incorporated by reference in § 250.198). If processing components are to be utilized, other than those for which Safety Analysis Checklists are included in API RP 14C, you must use the analysis technique and documentation specified therein to determine the effect and requirements of these components upon the safety system.

(d) *Approval of safety-systems design and installation features for fuel gas system.* Prior to installation, the lessee shall submit a fuel gas safety system application, in duplicate, to the District Manager for approval. The application shall include information relative to the proposed design and installation features. Information concerning approved design and installation features shall be maintained by the lessee at the lessee's offshore field office nearest the OCS facility or at another location conveniently available to the District Manager. All approvals are subject to field verification. The application shall include the following:

(1) A schematic flow diagram showing size, capacity, design, working pressure of separators, storage tanks, compressor pumps, metering devices, and other hydrocarbon-handling vessels;

(2) A schematic flow diagram (API RP 14C, Figure E1, as incorporated by reference in § 250.198) and the related Safety Analysis Function Evaluation chart (API RP 14C, subsection 4.3c, as incorporated by reference in § 250.198).

(3) A schematic piping diagram showing the size and maximum allowable working pressures as determined in accordance with API RP 14E, Design and Installation of Offshore Production Platform Piping Systems (as incorporated by reference in § 250.198);

(4) Electrical system information including the following:

(i) A plan of each platform deck, outlining all hazardous areas classified according to API RP 500, Recommended Practice for Classification of Locations for Electrical Installations at Petroleum Facilities Classified as Class I, Division 1 and Division 2, or API RP 505, Recommended Practice for Classification of Locations for Electrical Installations at Petroleum Facilities Classified as Class I, Zone 0, Zone 1, and Zone 2 (as incorporated by reference in § 250.198), and outlining areas in which potential ignition sources are to be installed;

(ii) All significant hydrocarbon sources and a description of the type of decking, ceiling, walls (e.g., grating or solid), and firewalls; and

(iii) Elementary electrical schematic of any platform safety shutdown system with a functional legend.

(5) Certification that the design for the mechanical and electrical systems to be installed was approved by registered professional engineers. After these systems are installed, the lessee shall submit a statement to the District Manager certifying that the new installations conform to the approved designs of this subpart; and

(6) Design and schematics of the installation and maintenance of all fire- and gas-detection systems including the following:

(i) Type, location, and number of detection heads;

(ii) Type and kind of alarm, including emergency equipment to be activated;

(iii) Method used for detection;

(iv) Method and frequency of calibration; and

(v) A functional block diagram of the detection system, including the electric power supply.

§ 250.1629 Additional production and fuel gas system requirements.

(a) *General.* Lessees shall comply with the following production safety system requirements (some of which are in addition to those contained in § 250.1628 of this part).

(b) *Design, installation, and operation of additional production systems, including fuel gas handling safety systems.* (1) Pressure and fired vessels must be designed, fabricated, and code stamped in accordance with the applicable provisions of sections I, IV, and VIII of the American Society of Mechanical Engineers (ASME) Boiler and Pressure Vessel Code (as specified in § 250.198). Pressure and fired vessels must have maintenance inspection, rating, repair, and alteration performed in accordance with the applicable provisions of API Pressure Vessel Inspections Code: In-Service Inspection, Rating, Repair, and Alteration, API 510 (except Sections 5.8 and 9.5) (as incorporated by reference in § 250.198).

(i) Pressure safety relief valves shall be designed, installed, and maintained in accordance with applicable provisions of sections I, IV, and VIII of the ANSI/ASME Boiler and Pressure Vessel Code (as specified in § 250.198). The safety relief valves shall conform to the valve-sizing and pressure-relieving requirements specified in these documents; however, the safety relief valves shall be set no higher than the maximum-allowable working pressure of the vessel. All safety relief valves and vents shall be piped in such a way as to prevent fluid from striking personnel or ignition sources.

(ii) The lessee shall use pressure recorders to establish the operating pressure ranges of pressure vessels in order to establish the pressure-sensor settings. Pressure-recording charts used to determine operating pressure ranges shall be maintained by the lessee for a period of 2 years at the lessee's field office nearest the OCS facility or at another location conveniently available to the District Manager. The high-pressure sensor shall be set no higher than 15 percent or 5 psi, whichever is greater, above the highest operating pressure of the vessel. This setting shall also be set sufficiently below (15 percent or 5 psi, whichever is greater) the safety relief valve's set pressure to assure that the high-pressure sensor sounds an alarm before the safety relief valve starts relieving. The low-pressure sensor shall sound an alarm no lower than 15 percent or 5 psi, whichever is greater, below the lowest pressure in the operating range.

(2) *Engine exhaust.* You must equip engine exhausts to comply with the insulation and personnel protection requirements of API RP 14C, section 4.2c(4) (as incorporated by reference in § 250.198). Exhaust piping from diesel engines must be equipped with spark arresters.

(3) *Firefighting systems.* Firefighting systems must conform to subsection 5.2, Fire Water Systems, of API RP 14G, Recommended Practice for Fire Prevention and Control on Open Type Offshore Production Platforms (as incorporated by reference in § 250.198), and must be subject to the approval of the District Manager. Additional requirements must apply as follows:

(i) A firewater system consisting of rigid pipe with firehose stations shall be installed. The firewater system shall be installed to provide needed protection, especially in areas where fuel handling equipment is located.

(ii) Fuel or power for firewater pump drivers shall be available for at least 30 minutes of run time during platform shut-in time. If necessary, an alternate fuel or power supply shall be installed to provide for this pump-operating time unless an alternate firefighting system has been approved by the District Manager;

(iii) A firefighting system using chemicals may be used in lieu of a water system if the District Manager determines that the use of a chemical system provides equivalent fire-protection control; and

(iv) A diagram of the firefighting system showing the location of all firefighting equipment shall be posted in a prominent place on the facility or structure.

(4) *Fire- and gas-detection system.* (i) Fire (flame, heat, or smoke) sensors shall be installed in all enclosed classified areas. Gas sensors shall be installed in all inadequately ventilated, enclosed classified areas. Adequate ventilation is defined as ventilation that is sufficient to prevent accumulation of significant quantities of vapor-air mixture in concentrations over 25 percent of the lower explosive limit. One approved method of providing adequate ventilation is a change of air volume each 5 minutes or 1 cubic foot of air-volume flow per minute per square foot of solid floor area, whichever is greater. Enclosed areas (e.g., buildings, living quarters, or doghouses) are defined as those areas confined on more than four of their six possible sides by walls, floors, or ceilings more restrictive to air flow than grating or fixed open louvers and of sufficient size to allow entry of personnel. A classified area is any area classified Class I, Group D, Division 1 or 2, following the guidelines of API RP 500 (as incorporated by reference in § 250.198), or any area classified Class I, Zone 0, Zone 1, or Zone 2, following the guidelines of API RP 505 (as incorporated by reference in § 205.198).

(ii) All detection systems shall be capable of continuous monitoring. Fire-detection systems and portions of combustible gas-detection systems related to the higher gas concentration levels shall be of the manual-reset type. Combustible gas-detection systems related to the lower gas-concentration level may be of the automatic-reset type.

(iii) A fuel-gas odorant or an automatic gas-detection and alarm system is required in enclosed, continuously manned areas of the facility that are provided with fuel gas. Living quarters and doghouses not containing a gas source and not located in a classified area do not require a gas detection system.

(iv) The District Manager may require the installation and maintenance of a gas detector or alarm in any potentially hazardous area.

(v) Fire- and gas-detection systems must be an approved type, designed and installed according to API RP 14C, API RP 14G, and either API RP 14F or API RP 14FZ (the preceding four documents as incorporated by reference in § 250.198).

(c) *General platform operations.* Safety devices shall not be bypassed or blocked out of service unless they are temporarily out of service for startup, maintenance, or testing procedures. Only the minimum number of safety devices shall be taken out of service. Personnel shall monitor the bypassed or blocked out functions until the safety devices are placed back in service. Any safety device that is temporarily out of service shall be flagged by the person taking such device out of service.

§ 250.1630 Safety-system testing and records.

(a) *Inspection and testing.* You must inspect and successfully test safety system devices at the interval specified below or more frequently if operating conditions warrant. Testing must be in accordance with API RP 14C, Appendix D (as incorporated by reference in § 250.198). For safety system devices other than those listed in API RP 14C, Appendix D, you must utilize the analysis technique and documentation specified therein for inspection and testing of these components, and the following:

(1) Safety relief valves on the natural gas feed system for power plant operations such as pressure safety valves shall be inspected and tested for operation at least once every 12 months.

These valves shall be either bench tested or equipped to permit testing with an external pressure source.

(2) The following safety devices (excluding electronic pressure transmitters and level sensors) must be inspected and tested at least once each calendar month, but at no time may more than 6 weeks elapse between tests:

(i) All pressure safety high or pressure safety low, and

(ii) All level safety high and level safety low controls.

(3) The following electronic pressure transmitters and level sensors must be inspected and tested at least once every 3 months, but at no time may more than 120 days elapse between tests:

(i) All PSH or PSL, and

(ii) All LSH and LSL controls.

(4) All pumps for firewater systems shall be inspected and operated weekly.

(5) All fire- (flame, heat, or smoke) and gas-detection systems shall be inspected and tested for operation and recalibrated every 3 months provided that testing can be performed in a nondestructive manner.

(6) Prior to the commencement of production, the lessee shall notify the District Manager when the lessee is ready to conduct a preproduction test and inspection of the safety system. The lessee shall also notify the District Manager upon commencement of production in order that a complete inspection may be conducted.

(b) *Records.* The lessee shall maintain records for a period of 2 years for each safety device installed. These records shall be maintained by the lessee at the lessee's field office nearest the OCS facility or another location conveniently available to the District Manager. These records shall be available for BSEE review. The records shall show the present status and history of each safety device, including dates and details of installation, removal, inspection, testing, repairing, adjustments, and reinstallation.

§ 250.1631 Safety device training.

Prior to engaging in production operations on a lease and periodically thereafter, personnel installing, inspecting, testing, and maintaining safety devices shall be instructed in the safety requirements of the operations to be performed; possible hazards to be encountered; and general safety considerations to be taken to protect personnel, equipment, and the environment. Date and time of safety meetings shall be recorded and available for BSEE review.

§ 250.1632 Production rates.

Each sulphur deposit shall be produced at rates that will provide economic development and depletion of the deposit in a manner that would maximize the ultimate recovery of sulphur without resulting in waste (e.g., an undue reduction in the recovery of oil and gas from an associated hydrocarbon accumulation).

§ 250.1633 Production measurement.

(a) *General.* Measurement equipment and security procedures shall be designed, installed, used, maintained, and tested so as to accurately and completely measure the sulphur produced on a lease for purposes of royalty determination.

(b) *Application and approval.* The lessee shall not commence production of sulphur until the Regional Supervisor has approved the method of measurement. The request for approval of the method of measurement shall contain sufficient information to demonstrate to the satisfaction of the Regional Supervisor that the method of measurement meets the requirements of paragraph (a) of this section.

§ 250.1634 Site security.

(a) All locations where sulphur is produced, measured, or stored shall be operated and maintained to ensure against the loss or theft of produced sulphur and to assure accurate and complete measurement of produced sulphur for royalty purposes.

(b) Evidence of mishandling of produced sulphur from an offshore lease, or tampering or falsifying any measurement of production for an offshore lease, shall be reported to the Regional Supervisor as soon as possible but no later than the next business day after discovery of the evidence of mishandling.

Subpart Q—Decommissioning Activities

GENERAL

§ 250.1700 What do the terms "decommissioning", "obstructions", and "facility" mean?

(a) *Decommissioning* means:

(1) Ending oil, gas, or sulphur operations; and

(2) Returning the lease or pipeline right-of-way to a condition that meets the requirements of regulations of BSEE and other agencies that have jurisdiction over decommissioning activities.

(b) *Obstructions* mean structures, equipment, or objects that were used in oil, gas, or sulphur operations or marine growth that, if left in place, would hinder other users of the OCS. Obstructions may include, but are not limited to, shell mounds, wellheads, casing stubs, mud line suspensions, well protection devices, subsea trees, jumper assemblies, umbilicals, manifolds, termination skids, production and pipeline risers, platforms, templates, pilings, pipelines, pipeline valves, and power cables.

(c) *Facility* means any installation other than a pipeline used for oil, gas, or sulphur activities that is permanently or temporarily attached to the seabed on the OCS. Facilities include production and pipeline risers, templates, pilings, and any other facility or equipment that constitutes an obstruction such as jumper assemblies, termination skids, umbilicals, anchors, and mooring lines.

§ 250.1701 Who must meet the decommissioning obligations in this subpart?

(a) Lessees and owners of operating rights are jointly and severally responsible for meeting decommissioning obligations for facilities on leases, including the obligations related to lease-term pipelines, as the obligations accrue and until each obligation is met.

(b) All holders of a right-of-way are jointly and severally liable for meeting decommissioning obligations for facilities on their right-of-way, including right-of-way pipelines, as the obligations accrue and until each obligation is met.

(c) In this subpart, the terms ''you'' or ''I'' refer to lessees and owners of operating rights, as to facilities installed under the authority of a lease, and to right-of-way holders as to facilities installed under the authority of a right-of-way.

§ 250.1702 When do I accrue decommissioning obligations?

You accrue decommissioning obligations when you do any of the following:

(a) Drill a well;

(b) Install a platform, pipeline, or other facility;

(c) Create an obstruction to other users of the OCS;

(d) Are or become a lessee or the owner of operating rights of a lease on which there is a well that has not been permanently plugged according to this subpart, a platform, a lease term pipeline, or other facility, or an obstruction;

(e) Are or become the holder of a pipeline right-of-way on which there is a pipeline, platform, or other facility, or an obstruction; or

(f) Re-enter a well that was previously plugged according to this subpart.

§ 250.1703 What are the general requirements for decommissioning?

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

(a) Get approval from the appropriate District Manager before decommissioning wells and from the Regional Supervisor before decommissioning platforms and pipelines or other facilities;

(b) Permanently plug all wells;

(c) Remove all platforms and other facilities, except as provided in §§ 250.1725(a) and 250.1730.

(d) Decommission all pipelines;

(e) Clear the seafloor of all obstructions created by your lease and pipeline right-of-way operations; and

(f) Conduct all decommissioning activities in a manner that is safe, does not unreasonably interfere with other uses of the OCS, and does not cause undue or serious harm or damage to the human, marine, or coastal environment.

§ 250.1704 When must I submit decommissioning applications and reports?

You must submit decommissioning applications and receive approval and submit subsequent reports according to the table in this section.

DECOMMISSIONING APPLICATIONS AND REPORTS TABLE

Decommissioning applications and reports	When to submit	Instructions
(a) Initial platform removal application [not required in the Gulf of Mexico OCS Region].	In the Pacific OCS Region or Alaska OCS Region, submit the application to the Regional Supervisor at least 2 years before production is projected to cease.	Include information required under § 250.1726.
(b) Final removal application for a platform or other facility.	Before removing a platform or other facility in the Gulf of Mexico OCS Region, or not more than 2 years after the submittal of an initial platform removal application to the Pacific OCS Region and the Alaska OCS Region.	Include information required under § 250.1727.
(c) Post-removal report for a platform or other facility.	Within 30 days after you remove a platform or other facility.	Include information required under § 250.1729.
(d) Pipeline decommissioning application.	Before you decommission a pipeline ..	Include information required under § 250.1751(a) or § 250.1752(a), as applicable.
(e) Post-pipeline decommissioning report.	Within 30 days after you decommission a pipeline.	Include information required under § 250.1753.
(f) Site clearance report for a platform or other facility.	Within 30 days after you complete site clearance verification activities.	Include information required under § 250.1743(b).
(g) Form BSEE–0124, Application for Permit to Modify (APM). The submission of your APM must be accompanied by payment of the service fee listed in § 250.125.	(1) Before you temporarily abandon or permanently plug a well or zone,	Include information required under §§ 250.1712 and 250.1721.
	(2) Within 30 days after you plug a well.	Include information required under § 250.1717.
	(3) Before you install a subsea protective device.	Refer to § 250.1722(a).
	(4) Within 30 days after you complete a protective device trawl test.	Include information required under § 250.1722(d).
	(5) Before you remove any casing stub or mud line suspension equipment and any subsea protective device.	Refer to § 250.1723.
	(6) Within 30 days after you complete site clearance verification activities.	Include information required under § 250.1743(a).

PERMANENTLY PLUGGING WELLS

§ 250.1710 When must I permanently plug all wells on a lease?

You must permanently plug all wells on a lease within 1 year after the lease terminates.

§ 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.

§ 250.1712 What information must I submit before I permanently plug a well or zone?

Before you permanently plug a well or zone, you must submit form BSEE–0124, Application for Permit to Modify, to the appropriate District Manager and receive approval. A request for approval must contain the following information:

(a) The reason you are plugging the well (or zone), for completions with production amounts specified by the Regional Supervisor, along with substantiating information demonstrating its lack of capacity for further profitable production of oil, gas, or sulfur;

(b) Recent well test data and pressure data, if available;

(c) Maximum possible surface pressure, and how it was determined;

(d) Type and weight of well-control fluid you will use;

(e) A description of the work;

(f) A current and proposed well schematic and description that includes:

(1) Well depth;

(2) All perforated intervals that have not been plugged;

(3) Casing and tubing depths and details;

(4) Subsurface equipment;

(5) Estimated tops of cement (and the basis of the estimate) in each casing annulus;

(6) Plug locations;

(7) Plug types;

(8) Plug lengths;

(9) Properties of mud and cement to be used;

(10) Perforating and casing cutting plans;

(11) Plug testing plans;

(12) Casing removal (including information on explosives, if used);

(13) Proposed casing removal depth; and

(14) Your plans to protect archaeological and sensitive biological features, including anchor damage during plugging operations, a brief assessment of the environmental impacts of the plugging operations, and the procedures and mitigation measures you will take to minimize such impacts; and

(g) Certification by a Registered Professional Engineer of the well abandonment design and procedures; that there will be at least two independent tested barriers, including one mechanical barrier, across each flow path during abandonment activities; and that the plug meets the requirements in the table in § 250.1715. The Registered Professional Engineer must be registered in a State in the United States. You must submit this certification with your APM (Form BSEE–0124).

§ 250.1713 Must I notify BSEE before I begin well plugging operations?

You must notify the appropriate District Manager at least 48 hours before beginning operations to permanently plug a well.

§ 250.1714 What must I accomplish with well plugs?

You must ensure that all well plugs:

(a) Provide downhole isolation of hydrocarbon and sulphur zones;

(b) Protect freshwater aquifers; and

(c) Prevent migration of formation fluids within the wellbore or to the seafloor.

§ 250.1715 How must I permanently plug a well?

(a) You must permanently plug wells according to the table in this section. The District Manager may require additional well plugs as necessary.

PERMANENT WELL PLUGGING REQUIREMENTS

If you have . . .	Then you must use . . .
(1) Zones in open hole,	Cement plug(s) set from at least 100 feet below the bottom to 100 feet above the top of oil, gas, and fresh-water zones to isolate fluids in the strata.
(2) Open hole below casing,	(i) A cement plug, set by the displacement method, at least 100 feet above and below deepest casing shoe;
	(ii) A cement retainer with effective back-pressure control set 50 to 100 feet above the casing shoe, and a cement plug that extends at least 100 feet below the casing shoe and at least 50 feet above the retainer; or
	(iii) A bridge plug set 50 feet to 100 feet above the shoe with 50 feet of cement on top of the bridge plug, for expected or known lost circulation conditions.
(3) A perforated zone that is currently open and not previously squeezed or isolated,	(i) A method to squeeze cement to all perforations;
	(ii) A cement plug set by the displacement method, at least 100 feet above to 100 feet below the perforated interval, or down to a casing plug, whichever is less; or
	(iii) If the perforated zones are isolated from the hole below, you may use any of the plugs specified in paragraphs (a)(3)(iii)(A) through (E) of this section instead of those specified in paragraphs (a)(3)(i) and (a)(3)(ii) of this section.
	(A) A cement retainer with effective back-pressure control set 50 to 100 feet above the top of the perforated interval, and a cement plug that extends at least 100 feet below the bottom of the perforated interval with at least 50 feet of cement above the retainer;
	(B) A bridge plug set 50 to 100 feet above the top of the perforated interval and at least 50 feet of cement on top of the bridge plug;

PERMANENT WELL PLUGGING REQUIREMENTS—Continued

If you have . . .	Then you must use . . .
	(C) A cement plug at least 200 feet in length, set by the displacement method, with the bottom of the plug no more than 100 feet above the perforated interval;
	(D) A through-tubing basket plug set no more than 100 feet above the perforated interval with at least 50 feet of cement on top of the basket plug; or
	(E) A tubing plug set no more than 100 feet above the perforated interval topped with a sufficient volume of cement so as to extend at least 100 feet above the uppermost packer in the wellbore and at least 300 feet of cement in the casing annulus immediately above the packer.
(4) A casing stub where the stub end is within the casing,	(i) A cement plug set at least 100 feet above and below the stub end;
	(ii) A cement retainer or bridge plug set at least 50 to 100 feet above the stub end with at least 50 feet of cement on top of the retainer or bridge plug; or
	(iii) A cement plug at least 200 feet long with the bottom of the plug set no more than 100 feet above the stub end.
(5) A casing stub where the stub end is below the casing,	A plug as specified in paragraph (a)(1) or (a)(2) of this section, as applicable.
(6) An annular space that communicates with open hole and extends to the mud line,	A cement plug at least 200 feet long set in the annular space. For a well completed above the ocean surface, you must pressure test each casing annulus to verify isolation.
(7) A subsea well with unsealed annulus,	A cutter to sever the casing, and you must set a stub plug as specified in paragraphs (a)(4) and (a)(5) of this section.
(8) A well with casing,	A cement surface plug at least 150 feet long set in the smallest casing that extends to the mud line with the top of the plug no more than 150 feet below the mud line.
(9) Fluid left in the hole,	A fluid in the intervals between the plugs that is dense enough to exert a hydrostatic pressure that is greater than the formation pressures in the intervals.
(10) Permafrost areas,	(i) A fluid to be left in the hole that has a freezing point below the temperature of the permafrost, and a treatment to inhibit corrosion; and
	(ii) Cement plugs designed to set before freezing and have a low heat of hydration.

(b) You must test the first plug below the surface plug and all plugs in lost circulation areas that are in open hole. The plug must pass one of the following tests to verify plug integrity:

(1) A pipe weight of at least 15,000 pounds on the plug; or

(2) A pump pressure of at least 1,000 pounds per square inch. Ensure that the pressure does not drop more than 10 percent in 15 minutes. The District Manager may require you to tests other plug(s).

§ 250.1716 To what depth must I remove wellheads and casings?

(a) Unless the District Manager approves an alternate depth under paragraph (b) of this section, you must remove all wellheads and casings to at least 15 feet below the mud line.

(b) The District Manager may approve an alternate removal depth if:

(1) The wellhead or casing would not become an obstruction to other users of the seafloor or area, and geotechnical and other information you provide demonstrate that erosional processes capable of exposing the obstructions are not expected; or

(2) You determine, and BSEE concurs, that you must use divers, and the seafloor sediment stability poses safety concerns; or

(3) The water depth is greater than 800 meters (2,624 feet).

§ 250.1717 After I permanently plug a well, what information must I submit?

Within 30 days after you permanently plug a well, you must submit form BSEE–0124, Application for Permit to Modify (subsequent report), to the appropriate District Manager, and include the following information:

(a) Information included in § 250.1712 with a final well schematic;

(b) Description of the plugging work;

(c) Nature and quantities of material used in the plugs; and

(d) If you cut and pulled any casing string, the following information:

(1) A description of the methods used (including information on explosives, if used);

(2) Size and amount of casing removed; and

(3) Casing removal depth.

TEMPORARY ABANDONED WELLS

§ 250.1721 If I temporarily abandon a well that I plan to re-enter, what must I do?

You may temporarily abandon a well when it is necessary for proper development and production of a lease. To temporarily abandon a well, you must do all of the following:

(a) Submit form BSEE–0124, Application for Permit to Modify, and the applicable information required by § 250.1712 to the appropriate District Manager and receive approval;

(b) Adhere to the plugging and testing requirements for permanently plugged wells listed in the table in § 250.1715, except for § 250.1715(a)(8). You do not need to sever the casings, remove the wellhead, or clear the site;

(c) Set a bridge plug or a cement plug at least 100-feet long at the base of the deepest casing string, unless the casing string has been cemented and has not been drilled out. If a cement plug is set, it is not necessary for the cement plug to extend below the casing shoe into the open hole;

(d) Set a retrievable or a permanent-type bridge plug or a cement plug at least 100 feet long in the inner-most casing. The top of the bridge plug or cement plug must be no more than 1,000 feet below the mud line. BSEE may consider approving alternate requirements for subsea wells case-by-case;

(e) Identify and report subsea wellheads, casing stubs, or other obstructions that extend above the mud line according to U.S. Coast Guard (USCG) requirements;

(f) Except in water depths greater than 300 feet, protect subsea wellheads, casing stubs, mud line suspensions, or other obstructions remaining above the seafloor by using one of the following methods, as approved by the District Manager or Regional Supervisor:

(1) A caisson designed according to 30 CFR 250, subpart I, and equipped with aids to navigation;

(2) A jacket designed according to 30 CFR 250, subpart I, and equipped with aids to navigation; or

(3) A subsea protective device that meets the requirements in § 250.1722.

(g) Within 30 days after you temporarily plug a well, you must submit form BSEE–0124, Application for Permit to Modify (subsequent report), and include the following information:

(1) Information included in § 250.1712 with a well schematic;

(2) Information required by § 250.1717(b), (c), and (d); and

(3) A description of any remaining subsea wellheads, casing stubs, mudline suspension equipment, or other obstructions that extend above the seafloor; and

(h) Submit certification by a Registered Professional Engineer of the well abandonment design and procedures; that there will be at least two independent tested barriers, including one mechanical barrier, across each flow path during abandonment activities; and that the plug meets the requirements in the table in § 250.1715. The Registered Professional Engineer must be registered in a State in the United States. You must submit this certification with your APM (Form BSEE–0124) required by § 250.1712.

§ 250.1722 If I install a subsea protective device, what requirements must I meet?

If you install a subsea protective device under § 250.1721(f)(3), you must install it in a manner that allows fishing gear to pass over the obstruction without damage to the obstruction, the protective device, or the fishing gear.

(a) Use form BSEE–0124, Application for Permit to Modify to request approval from the appropriate District Manager to install a subsea protective device.

(b) The protective device may not extend more than 10 feet above the seafloor (unless BSEE approves otherwise).

(c) You must trawl over the protective device when you install it (adhere to the requirements at § 250.1741(d) through (h)). If the trawl does not pass over the protective device or causes damage to it, you must notify the appropriate District Manager within 5 days and perform remedial action within 30 days of the trawl;

(d) Within 30 days after you complete the trawling test described in paragraph (c) of this section, submit a report to the appropriate District Manager using form BSEE–0124, Application for Permit to Modify that includes the following:

(1) The date(s) the trawling test was performed and the vessel that was used;

(2) A plat at an appropriate scale showing the trawl lines;

(3) A description of the trawling operation and the net(s) that were used;

(4) An estimate by the trawling contractor of the seafloor penetration depth achieved by the trawl;

(5) A summary of the results of the trawling test including a discussion of any snags and interruptions, a description of any damage to the protective covering, the casing stub or mud line suspension equipment, or the trawl, and a discussion of any snag removals requiring diver assistance; and

(6) A letter signed by your authorized representative stating that he/she witnessed the trawling test.

(e) If a temporarily abandoned well is protected by a subsea device installed in a water depth less than 100 feet, mark the site with a buoy installed according to the USCG requirements.

(f) Provide annual reports to the Regional Supervisor describing your plans to either re-enter and complete the well or to permanently plug the well.

(g) Ensure that all subsea wellheads, casing stubs, mud line suspensions, or other obstructions in water depths less than 300 feet remain protected.

(1) To confirm that the subsea protective covering remains properly installed, either conduct a visual inspection or perform a trawl test at least annually.

(2) If the inspection reveals that a casing stub or mud line suspension is no longer properly protected, or if the trawl does not pass over the subsea protective covering without causing damage to the covering, the casing stub or mud line suspension equipment, or the trawl, notify the appropriate District Manager within 5 days, and perform the necessary remedial work within 30 days of discovery of the problem.

(3) In your annual report required by paragraph (f) of this section, include the inspection date, results, and method used and a description of any remedial work you will perform or have performed.

(h) You may request approval to waive the trawling test required by paragraph (c) of this section if you plan to use either:

(1) A buoy with automatic tracking capabilities installed and maintained according to USCG requirements at 33 CFR part 67 (or its successor); or

(2) A design and installation method that has been proven successful by trawl testing of previous protective devices of the same design and installed in areas with similar bottom conditions.

§ 250.1723 What must I do when it is no longer necessary to maintain a well in temporary abandoned status?

If you or BSEE determines that continued maintenance of a well in a temporary abandoned status is not necessary for the proper development or production of a lease, you must:

(a) Promptly and permanently plug the well according to § 250.1715;

(b) Remove any casing stub or mud line suspension equipment and any subsea protective covering. You must submit a request for approval to perform such work to the appropriate District Manager using form BSEE–0124, Application for Permit to Modify; and

(c) Clear the well site according to § 250.1740 through § 250.1742.

REMOVING PLATFORMS AND OTHER FACILITIES

§ 250.1725 When do I have to remove platforms and other facilities?

(a) You must remove all platforms and other facilities within 1 year after the lease or pipeline right-of-way terminates, unless you receive approval to maintain the structure to conduct other activities. Platforms include production platforms, well jackets, single-well caissons, and pipeline accessory platforms. Other activities include those supporting OCS oil and gas production and transportation, as well as other energy-related or marine-related

uses (including LNG) for which adequate financial assurance for decommissioning has been provided to a Federal agency which has given BSEE a commitment that it has and will exercise authority to compel the performance of decommissioning within a time following cessation of the new use acceptable to BSEE. The approval will specify:

(1) Whether you must continue to maintain any financial assurance for decommissioning; and

(2) Whether, and under what circumstances, you must perform any decommissioning not performed by the new facility owner/user.

(b) Before you may remove a platform or other facility, you must submit a final removal application to the Regional Supervisor for approval and include the information listed in § 250.1727.

(c) You must remove a platform or other facility according to the approved application.

(d) You must flush all production risers with seawater before you remove them.

(e) You must notify the Regional Supervisor at least 48 hours before you begin the removal operations.

§ 250.1726 When must I submit an initial platform removal application and what must it include?

An initial platform removal application is required only for leases and pipeline rights-of-way in the Pacific OCS Region or the Alaska OCS Region. It must include the following information:

(a) Platform or other facility removal procedures, including the types of vessels and equipment you will use;

(b) Facilities (including pipelines) you plan to remove or leave in place;

(c) Platform or other facility transportation and disposal plans;

(d) Plans to protect marine life and the environment during decommissioning operations, including a brief assessment of the environmental impacts of the operations, and procedures and mitigation measures that you will take to minimize the impacts; and

(e) A projected decommissioning schedule.

§ 250.1727 What information must I include in my final application to remove a platform or other facility?

You must submit to the Regional Supervisor, a final application for approval to remove a platform or other facility. Your application must be accompanied by payment of the service fee listed in § 250.125. If you are proposing to use explosives, provide three copies of the application. If you are not proposing to use explosives, provide two copies of the application. Include the following information in the final removal application, as applicable:

(a) Identification of the applicant including:

(1) Lease operator/pipeline right-of-way holder;

(2) Address;

(3) Contact person and telephone number; and

(4) Shore base.

(b) Identification of the structure you are removing including:

(1) Platform Name/BSEE Complex ID Number;

(2) Location (lease/right-of-way, area, block, and block coordinates);

(3) Date installed (year);

(4) Proposed date of removal (Month/Year); and

(5) Water depth.

(c) Description of the structure you are removing including:

(1) Configuration (attach a photograph or a diagram);

(2) Size;

(3) Number of legs/casings/pilings;

(4) Diameter and wall thickness of legs/casings/pilings;

(5) Whether piles are grouted inside or outside;

(6) Brief description of soil composition and condition;

(7) The sizes and weights of the jacket, topsides (by module), conductors, and pilings; and

(8) The maximum removal lift weight and estimated number of main lifts to remove the structure.

(d) A description, including anchor pattern, of the vessel(s) you will use to remove the structure.

(e) Identification of the purpose, including:

(1) Lease expiration/right-of-way relinquishment date; and

(2) Reason for removing the structure.

(f) A description of the removal method, including:

(1) A brief description of the method you will use;

(2) If you are using explosives, the following:

(i) Type of explosives;

(ii) Number and sizes of charges;

(iii) Whether you are using single shot or multiple shots;

(iv) If multiple shots, the sequence and timing of detonations;

(v) Whether you are using a bulk or shaped charge;

(vi) Depth of detonation below the mud line; and

(vii) Whether you are placing the explosives inside or outside of the pilings;

(3) If you will use divers or acoustic devices to conduct a pre-removal survey to detect the presence of turtles and marine mammals, a description of the proposed detection method; and

(4) A statement whether or not you will use transducers to measure the pressure and impulse of the detonations.

(g) Your plans for transportation and disposal (including as an artificial reef) or salvage of the removed platform.

(h) If available, the results of any recent biological surveys conducted in the vicinity of the structure and recent observations of turtles or marine mammals at the structure site.

(i) Your plans to protect archaeological and sensitive biological features during removal operations, including a brief assessment of the environmental impacts of the removal operations and procedures and mitigation measures you will take to minimize such impacts.

(j) A statement whether or not you will use divers to survey the area after removal to determine any effects on marine life.

§ 250.1728 To what depth must I remove a platform or other facility?

(a) Unless the Regional Supervisor approves an alternate depth under paragraph (b) of this section, you must remove all platforms and other facilities (including templates and pilings) to at least 15 feet below the mud line.

(b) The Regional Supervisor may approve an alternate removal depth if:

(1) The remaining structure would not become an obstruction to other users of the seafloor or area, and geotechnical and other information you provide demonstrate that erosional processes capable of exposing the obstructions are not expected; or

(2) You determine, and BSEE concurs, that you must use divers and the seafloor sediment stability poses safety concerns; or

(3) The water depth is greater than 800 meters (2,624 feet).

§ 250.1729 After I remove a platform or other facility, what information must I submit?

Within 30 days after you remove a platform or other facility, you must submit a written report to the Regional Supervisor that includes the following:

(a) A summary of the removal operation including the date it was completed;

(b) A description of any mitigation measures you took; and

(c) A statement signed by your authorized representative that certifies that the types and amount of explosives you used in removing the platform or other facility were consistent with those set forth in the approved removal application.

§ 250.1730 When might BSEE approve partial structure removal or toppling in place?

The Regional Supervisor may grant a departure from the requirement to remove a platform or other facility by approving partial structure removal or toppling in place for conversion to an artificial reef if you meet the following conditions:

(a) The structure becomes part of a State artificial reef program, and the responsible State agency acquires a permit from the U.S. Army Corps of Engineers and accepts title and liability for the structure; and

(b) You satisfy any U.S. Coast Guard (USCG) navigational requirements for the structure.

§ 250.1731 Who is responsible for decommissioning an OCS facility subject to an Alternate Use RUE?

(a) The holder of an Alternate Use RUE issued under 30 CFR part 585 is responsible for all decommissioning obligations that accrue following the issuance of the Alternate Use RUE and which pertain to the Alternate Use RUE. See 30 CFR part 585, subpart J, for additional information concerning the decommissioning responsibilities of an Alternate Use RUE grant holder.

(b) The lessee under the lease originally issued under 30 CFR part 556 will remain responsible for decommissioning obligations that accrued before issuance of the Alternate Use RUE, as well as for decommissioning obligations that accrue following issuance of the Alternate Use RUE to the extent associated with continued activities authorized under this part.

(c) If a lease issued under 30 CFR part 556 is cancelled or otherwise terminated under any provision of this subchapter, the lessee, upon our approval, may defer removal of any OCS facility within the lease area that is subject to an Alternate Use RUE. If we elect to grant such a deferral, the lessee remains responsible for removing the facility upon termination of the Alternate Use RUE and will be required to retain sufficient bonding or other financial assurances to ensure that the structure is removed or otherwise decommissioned in accordance with the provisions of this subpart.

SITE CLEARANCE FOR WELLS, PLATFORMS, AND OTHER FACILITIES

§ 250.1740 How must I verify that the site of a permanently plugged well, removed platform, or other removed facility is clear of obstructions?

Within 60 days after you permanently plug a well or remove a platform or other facility, you must verify that the site is clear of obstructions by using one of the following methods:

(a) For a well site, you must either:

(1) Drag a trawl over the site;

(2) Scan across the location using sonar equipment;

(3) Inspect the site using a diver;

(4) Videotape the site using a camera on a remotely operated vehicle (ROV); or

(5) Use another method approved by the District Manager if the particular site conditions warrant.

(b) For a platform or other facility site in water depths less than 300 feet, you must drag a trawl over the site.

(c) For a platform or other facility site in water depths 300 feet or more, you must either:

(1) Drag a trawl over the site;

(2) Scan across the site using sonar equipment; or

(3) Use another method approved by the Regional Supervisor if the particular site conditions warrant.

§ 250.1741 If I drag a trawl across a site, what requirements must I meet?

If you drag a trawl across the site in accordance with § 250.1740, you must meet all of the requirements of this section.

(a) You must drag the trawl in a grid-like pattern as shown in the following table:

For a . . .	You must drag the trawl across a . . .
(1) Well site,	300-foot-radius circle centered on the well location.
(2) Subsea well site,	600-foot-radius circle centered on the well location.
(3) Platform site,	1,320-foot-radius circle centered on the location of the platform.
(4) Single-well caisson, well protector jacket, template, or manifold,	600-foot-radius circle centered on the structure location.

(b) You must trawl 100 percent of the limits described in paragraph (a) of this section in two directions.

(c) You must mark the area to be cleared as a hazard to navigation according to USCG requirements until

you complete the site clearance procedures.

(d) You must use a trawling vessel equipped with a calibrated navigational positioning system capable of providing position accuracy of ±30 feet.

(e) You must use a trawling net that is representative of those used in the commercial fishing industry (one that has a net strength equal or greater than that provided by No. 18 twine).

(f) You must ensure that you trawl no closer than 300 feet from a shipwreck, and 500 feet from a sensitive biological feature.

(g) If you trawl near an active pipeline, you must meet the requirements in the following table:

For . . .	You must trawl . . .	And you must . . .
(1) Buried active pipelines,		First contact the pipeline owner or operator to determine the condition of the pipeline before trawling over the buried pipeline.
(2) Unburied active pipelines that are 8 inches in diameter or larger,	no closer than 100 feet to the either side of the pipeline,	Trawl parallel to the pipeline Do not trawl across the pipeline.
(3) Unburied smaller diameter active pipelines in the trawl area that have obstructions (e.g., pipeline valves) present,	no closer than 100 feet to either side of the pipeline,	Trawl parallel to the pipeline. Do not trawl across the pipeline.
(4) Unburied active pipelines in the trawl area that are smaller than 8 inches in diameter and have no obstructions present,	parallel to the pipeline,	

(h) You must ensure that any trawling contractor you may use:

(1) Has no corporate or other financial ties to you; and

(2) Has a valid commercial trawling license for both the vessel and its captain.

§ 250.1742 What other methods can I use to verify that a site is clear?

If you do not trawl a site, you can verify that the site is clear of obstructions by using any of the methods shown in the following table:

If you use . . .	You must . . .	And you must . . .
(a) Sonar,	cover 100 percent of the appropriate grid area listed in § 250.1741(a),	Use a sonar signal with a frequency of at least 500 kHz.
(b) A diver,	ensure that the diver visually inspects 100 percent of the appropriate grid area listed in § 250.1741(a),	Ensure that the diver uses a search pattern of concentric circles or parallel lines spaced no more than 10 feet apart.
(c) An ROV (remotely operated vehicle),	ensure that the ROV camera records videotape over 100 percent of the appropriate grid area listed in § 250.1741(a),	Ensure that the ROV uses a pattern of concentric circles or parallel lines spaced no more than 10 feet apart.

§ 250.1743 How do I certify that a site is clear of obstructions?

(a) For a well site, you must submit to the appropriate District Manager within 30 days after you complete the verification activities a form BSEE–0124, Application for Permit to Modify, to include the following information:

(1) A signed certification that the well site area is cleared of all obstructions;

(2) The date the verification work was performed and the vessel used;

(3) The extent of the area surveyed;

(4) The survey method used;

(5) The results of the survey, including a list of any debris removed or a statement from the trawling contractor that no objects were recovered; and

(6) A post-trawling job plot or map showing the trawled area.

(b) For a platform or other facility site, you must submit the following information to the appropriate Regional Supervisor within 30 days after you complete the verification activities:

(1) A letter signed by an authorized company official certifying that the

platform or other facility site area is cleared of all obstructions and that a company representative witnessed the verification activities;

(2) A letter signed by an authorized official of the company that performed the verification work for you certifying that it cleared the platform or other facility site area of all obstructions;

(3) The date the verification work was performed and the vessel used;

(4) The extent of the area surveyed;

(5) The survey method used;

(6) The results of the survey, including a list of any debris removed or a statement from the trawling contractor that no objects were recovered; and

(7) A post-trawling job plot or map showing the trawled area.

PIPELINE DECOMMISSIONING

§ 250.1750 When may I decommission a pipeline in place?

You may decommission a pipeline in place when the Regional Supervisor determines that the pipeline does not constitute a hazard (obstruction) to navigation and commercial fishing operations, unduly interfere with other uses of the OCS, or have adverse environmental effects.

§ 250.1751 How do I decommission a pipeline in place?

You must do the following to decommission a pipeline in place:

(a) Submit a pipeline decommissioning application in triplicate to the Regional Supervisor for approval. Your application must be accompanied by payment of the service fee listed in § 250.125. Your application must include the following information:

(1) Reason for the operation;

(2) Proposed decommissioning procedures;

(3) Length (feet) of segment to be decommissioned; and

(4) Length (feet) of segment remaining.

(b) Pig the pipeline, unless the Regional Supervisor determines that pigging is not practical;

(c) Flush the pipeline;

(d) Fill the pipeline with seawater;

(e) Cut and plug each end of the pipeline;

(f) Bury each end of the pipeline at least 3 feet below the seafloor or cover each end with protective concrete mats, if required by the Regional Supervisor; and

(g) Remove all pipeline valves and other fittings that could unduly interfere with other uses of the OCS.

§ 250.1752 How do I remove a pipeline?

Before removing a pipeline, you must:

(a) Submit a pipeline removal application in triplicate to the Regional Supervisor for approval. Your application must be accompanied by payment of the service fee listed in § 250.125. Your application must include the following information:

(1) Proposed removal procedures;

(2) If the Regional Supervisor requires it, a description, including anchor pattern(s), of the vessel(s) you will use to remove the pipeline;

(3) Length (feet) to be removed;

(4) Length (feet) of the segment that will remain in place;

(5) Plans for transportation of the removed pipe for disposal or salvage;

(6) Plans to protect archaeological and sensitive biological features during removal operations, including a brief assessment of the environmental impacts of the removal operations and procedures and mitigation measures that you will take to minimize such impacts; and

(7) Projected removal schedule and duration.

(b) Pig the pipeline, unless the Regional Supervisor determines that pigging is not practical; and

(c) Flush the pipeline.

§ 250.1753 After I decommission a pipeline, what information must I submit?

Within 30 days after you decommission a pipeline, you must submit a written report to the Regional Supervisor that includes the following:

(a) A summary of the decommissioning operation including the date it was completed;

(b) A description of any mitigation measures you took; and

(c) A statement signed by your authorized representative that certifies

that the pipeline was decommissioned according to the approved application.

§ 250.1754 When must I remove a pipeline decommissioned in place?

You must remove a pipeline decommissioned in place if the Regional Supervisor determines that the pipeline is an obstruction.

Subpart R [Reserved]

Subpart S—Safety and Environmental Management Systems (SEMS)

§ 250.1900 Must I have a SEMS program?

You must develop, implement, and maintain a safety and environmental management system (SEMS) program. Your SEMS program must address the elements described in § 250.1902, American Petroleum Institute's Recommended Practice for Development of a Safety and Environmental Management Program for Offshore Operations and Facilities (API RP 75) (as incorporated by reference in § 250.198), and other requirements as identified in this subpart.

(a) You must comply with the provisions of this subpart and have your SEMS program in effect on or before November 15, 2011, except for the submission of Form BSEE–0131 as required in § 250.1929.

(b) You must submit Form BSEE–0131 on an annual basis beginning March 31, 2011.

(c) If there are any conflicts between the requirements of this subpart and API RP 75 (as incorporated by reference in § 250.198), you must follow the requirements of this subpart.

(d) Nothing in this subpart affects safety or other matters under the jurisdiction of the Coast Guard.

§ 250.1901 What is the goal of my SEMS program?

The goal of your SEMS program is to promote safety and environmental protection by ensuring all personnel aboard a facility are complying with the policies and procedures identified in your SEMS.

(a) To accomplish this goal, you must ensure that your SEMS program identifies, addresses, and manages safety, environmental hazards, and impacts during the design, construction, start-up, operation, inspection, and maintenance of all new and existing facilities, including mobile offshore drilling units (MODU) while under BSEE jurisdiction and Department of Interior (DOI) regulated pipelines.

(b) All personnel involved with your SEMS program must be trained to have the skills and knowledge to perform their assigned duties.

§ 250.1902 What must I include in my SEMS program?

You must have a properly documented SEMS program in place and make it available to BSEE upon request as required by § 250.1924(b).

(a) Your SEMS program must meet the minimum criteria outlined in this subpart, including the following SEMS program elements:

(1) General (see § 250.1909)

(2) Safety and Environmental Information (see § 250.1910)

(3) Hazards Analysis (see § 250.1911)

(4) Management of Change (see § 250.1912)

(5) Operating Procedures (see § 250.1913)

(6) Safe Work Practices (see § 250.1914)

(7) Training (see § 250.1915)

(8) Mechanical Integrity (Assurance of Quality and Mechanical Integrity of Critical Equipment) (see § 250.1916)

(9) Pre-startup Review (see § 250.1917)

(10) Emergency Response and Control (see § 250.1918)

(11) Investigation of Incidents (see § 250.1919)

(12) Auditing (Audit of Safety and Environmental Management Program Elements) (see §§ 250.1920)

(13) Recordkeeping (Records and Documentation) and additional BSEE requirements (see § 250.1928).

(b) You must also include a job safety analysis (JSA) for OCS activities identified or discussed in your SEMS program (see § 250.1911(b)).

(c) Your SEMS program must meet or exceed the standards of safety and environmental protection of API RP 75 (as incorporated by reference in § 250.198).

§ 250.1903 Definitions.

Definitions listed in this section apply to this subpart and supersede definitions in API RP 75, Appendices D and E (as incorporated by reference in § 250.198).

Designated and qualified personnel means employees (not contractors) that are knowledgeable of your program, and have actual work experience and training in implementing and auditing a SEMS or a similar program in an offshore oil and gas environment.

Personnel means direct employee(s) of the operator and contracted workers who are involved with or affected by specific jobs or tasks.

§ 250.1904 Documents incorporated by reference.

The effect of incorporation by reference of a document into the regulations in this part is that the incorporated document is a requirement. When a section in this part incorporates all of a document, you are responsible for complying with the provisions of that entire document, except to the extent that section provides otherwise. If any incorporated document uses the word ''should'', it means must for purposes of these regulations.

§§ 250.1905–250.1908 [Reserved]

§ 250.1909 What are management's general responsibilities for the SEMS program?

You, through your management, must require that the program elements discussed in API RP 75 (as incorporated by reference in § 250.198) and in this subpart are properly documented and are available at field and office locations, as appropriate for each program element. You, through your management, are responsible for the development, support, continued improvement, and overall success of your SEMS program. Specifically you, through your management, must:

(a) Establish goals and performance measures, demand accountability for implementation, and provide necessary resources for carrying out an effective SEMS program.

(b) Appoint management representatives who are responsible for establishing, implementing and maintaining an effective SEMS program.

(c) Designate specific management representatives who are responsible for reporting to management on the performance of the SEMS program.

(d) At intervals specified in the SEMS program and at least annually, review the SEMS program to determine if it continues to be suitable, adequate and effective (by addressing the possible need for changes to policy, objectives, and other elements of the program in light of program audit results, changing circumstances and the commitment to continual improvement) and document the observations, conclusions and recommendations of that review.

(e) Develop and endorse a written description of your safety and environmental policies and organizational structure that define responsibilities, authorities, and lines of communication required to implement the SEMS program.

(f) Utilize personnel with expertise in identifying safety hazards, environmental impacts, optimizing operations, developing safe work practices, developing training programs and investigating incidents.

(g) Ensure that facilities are designed, constructed, maintained, monitored, and operated in a manner compatible with applicable industry codes, consensus standards, and generally accepted practice as well as in compliance with all applicable governmental regulations.

(h) Ensure that management of safety hazards and environmental impacts is an integral part of the design, construction, maintenance, operation, and monitoring of each facility.

(i) Ensure that suitably trained and qualified personnel are employed to carry out all aspects of the SEMS program.

(j) Ensure that the SEMS program is maintained and kept up to date by means of periodic audits to ensure effective performance.

§ 250.1910 What safety and environmental information is required?

(a) You must require that SEMS program safety and environmental information be developed and maintained

for any facility that is subject to the SEMS program.

(b) SEMS program safety and environmental information must include:

(1) Information that provides the basis for implementing all SEMS program elements, including the requirements of hazard analysis (§ 250.1911);

(2) process design information including, as appropriate, a simplified process flow diagram and acceptable upper and lower limits, where applicable, for items such as temperature, pressure, flow and composition; and

(3) mechanical design information including, as appropriate, piping and instrument diagrams; electrical area classifications; equipment arrangement drawings; design basis of the relief system; description of alarm, shutdown, and interlock systems; description of well control systems; and design basis for passive and active fire protection features and systems and emergency evacuation procedures.

§ 250.1911 What criteria for hazards analyses must my SEMS program meet?

You must ensure the development and implementation of a hazards analysis (facility level) and a job safety analysis (operations/task level) for all of your facilities. For this subpart, facilities include all types of offshore structures permanently or temporarily attached to the seabed (*i.e.*, mobile offshore drilling units; floating production systems; floating production, storage and offloading facilities; tension-leg platforms; and spars) used for exploration, development, production, and transportation activities for oil, gas, or sulphur from areas leased in the OCS. Facilities also include DOI regulated pipelines. You must document and maintain current analyses for each operation covered by this section for the life of the operation at the facility. The analyses must be updated when an internal audit is conducted to ensure that it is consistent with the current operations on your facility. Hazards analysis requirements for simple and nearly identical facilities, such as well jackets and single well caissons, may be fulfilled by performing a single hazards analysis which you can apply to all such facilities after you verify that any site specific deviations are addressed in each of the elements of your SEMS program.

(a) Hazards Analysis (facility level). For a hazards analysis (facility level), you must perform an initial hazards analysis on each facility on or before November 15, 2011. The hazards analysis must be appropriate to the complexity of the operation and must identify, evaluate, and manage the hazards involved in the operation.

(1) The hazards analysis must address the following:

(i) Hazards of the operation;

(ii) Previous incidents related to the operation you are evaluating, including any incident in which you were issued an Incident of Noncompliance or a civil or criminal penalty;

(iii) Control technology applicable to the operation your hazards analysis is evaluating; and

(iv) A qualitative evaluation of the possible safety and health effects on employees, and potential impacts to the human and marine environments, which may result if the control technology fails.

(2) The hazards analysis must be performed by a person(s) with experience in the operations being evaluated. These individuals also need to be experienced in the hazards analysis methodologies being employed.

(3) You should assure that the recommendations in the hazards analysis are resolved and that the resolution is documented.

(b) Job Safety Analysis (JSA). You must develop and implement a JSA for OCS activities identified or discussed in your SEMS program.

(1) You must keep a copy of the most recent JSA (operations/task level) at the job site and it must be readily accessible to employees.

(2) Your JSA must identify, analyze, and record:

(i) The steps involved in performing a specific job;

(ii) the existing or potential safety and health hazards associated with each step; and

(iii) the recommended action(s)/procedure(s) that will eliminate or reduce these hazards and the risk of a workplace injury or illness.

(3) The supervisor of the person in charge of the task must approve the JSA prior to the commencement of the work.

§ 250.1912 What criteria for management of change must my SEMS program meet?

(a) You must develop and implement written management of change procedures for modifications associated with the following:

(1) Equipment,

(2) Operating procedures,

(3) Personnel changes (including contractors),

(4) Materials, and

(5) Operating conditions.

(b) Management of change procedures do not apply to situations involving replacement in kind (such as, replacement of one component by another component with the same performance capabilities).

(c) You must review all changes prior to their implementation.

(d) The following items must be included in your management of change procedures:

(1) The technical basis for the change;

(2) Impact of the change on safety, health, and the coastal and marine environments;

(3) Necessary time period to implement the change; and

(4) Management approval procedures for the change.

(e) Employees, including contractors whose job tasks will be affected by a change in the operation, must be informed of, and trained in, the change prior to startup of the process or affected part of the operation; and

(f) If a management of change results in a change in the operating procedures of your SEMS program, such changes must be documented and dated.

§ 250.1913 What criteria for operating procedures must my SEMS program meet?

(a) You must develop and implement written operating procedures that provide instructions for conducting safe and environmentally sound activities involved in each operation addressed in your SEMS program. These procedures must include the job title and reporting relationship of the person or persons responsible for each of the facility's operating areas and address the following:

(1) Initial startup;

(2) Normal operations;

(3) All emergency operations (including but not limited to medical evacuations, weather-related evacuations and emergency shutdown operations);

(4) Normal shutdown;

(5) Startup following a turnaround, or after an emergency shutdown;

(6) Bypassing and flagging out-of-service equipment;

(7) Safety and environmental consequences of deviating from your equipment operating limits and steps required to correct or avoid this deviation;

(8) Properties of, and hazards presented by, the chemicals used in the operations;

(9) Precautions you will take to prevent the exposure of chemicals used in your operations to personnel and the environment. The precautions must include control technology, personal protective equipment, and measures to be taken if physical contact or airborne exposure occurs;

(10) Raw materials used in your operations and the quality control procedures you used in purchasing these raw materials;

(11) Control of hazardous chemical inventory; and

(12) Impacts to the human and marine environment identified through your hazards analysis.

(b) Operating procedures must be accessible to all employees involved in the operations.

(c) Operating procedures must be reviewed at the conclusion of specified periods and as often as necessary to assure they reflect current and actual operating practices, including any changes made to your operations.

(d) You must develop and implement safe and environmentally sound work practices for identified hazards during operations and the degree of hazard presented.

(e) Review of and changes to the procedures must be documented and communicated to responsible personnel.

§ 250.1914 What criteria must be documented in my SEMS program for safe work practices and contractor selection?

Your SEMS program must establish and implement safe work practices designed to minimize the risks associated with operating, maintenance, and modification activities and the handling of materials and substances that could affect safety or the environment. Your SEMS program must also document contractor selection criteria. When selecting a contractor, you must obtain and evaluate information regarding the contractor's safety and environmental performance. Operators must ensure that contractors have their own written safe work practices. Contractors may adopt appropriate sections of the operator's SEMS program. Operator and contractor must document their agreement on appropriate contractor safety and environmental policies and practices before the contractor begins work at the operator's facilities.

(a) A contractor is anyone performing work for the lessee. However, these requirements do not apply to contractors providing domestic services to the lessee or other contractors. Domestic services include janitorial work, food and beverage service, laundry service, housekeeping, and similar activities.

(b) You must document that your contracted employees are knowledgeable and experienced in the work practices necessary to perform their job in a safe and environmentally sound manner. Documentation of each contracted employee's expertise to perform his/her job and a copy of the contractor's safety policies and procedures must be made available to the operator and BSEE upon request.

(c) Your SEMS program must include procedures and verification for selecting a contractor as follows:

(1) Your SEMS program must have procedures that verify that contractors are conducting their activities in accordance with your SEMS program.

(2) You are responsible for making certain that contractors have the skills and knowledge to perform their assigned duties and are conducting these activities in accordance with the requirements in your SEMS program.

(3) You must make the results of your verification for selecting contractors available to BSEE upon request.

(d) Your SEMS program must include procedures and verification that contractor personnel understand and can perform their assigned duties for activities such as, but not limited to:

(1) Installation, maintenance, or repair of equipment;

(2) Construction, startup, and operation of your facilities;

(3) Turnaround operations;

(4) Major renovation; or

(5) Specialty work.

(e) You must:

(1) Perform periodic evaluations of the performance of contract employees that verifies they are fulfilling their obligations, and

(2) Maintain a contractor employee injury and illness log for 2 years related to the contractor's work in the operation area, and include this information on Form BSEE–0131.

(f) You must inform your contractors of any known hazards at the facility they are working on including, but not limited to fires, explosions, slips, trips, falls, other injuries, and hazards associated with lifting operations.

(g) You must develop and implement safe work practices to control the presence, entrance, and exit of contract employees in operation areas.

§ 250.1915 What criteria for training must be in my SEMS program?

Your SEMS program must establish and implement a training program so that all personnel are trained to work safely and are aware of environmental considerations offshore, in accordance with their duties and responsibilities. Training must address the operating procedures (§ 250.1913), the safe work practices (§ 250.1914), and the emergency response and control measures (§ 250.1918). You must document the qualifications of your instructors. Your SEMS program must address:

(a) Initial training for the basic well-being of personnel and protection of the environment, and ensure that persons assigned to operate and maintain

the facility possess the required knowledge and skills to carry out their duties and responsibilities, including startup and shutdown.

(b) Periodic training to maintain understanding of, and adherence to, the current operating procedures, using periodic drills, to verify adequate retention of the required knowledge and skills.

(c) Communication requirements to ensure that whenever a change is made to operating procedures (§ 250.1913), the safe work practices (§ 250.1914), or the emergency response and control measures (§ 250.1918), personnel will be trained in or otherwise informed of the change before they are expected to operate the facility.

(d) How you will verify that the contractors are trained in the work practices necessary to perform their jobs in a safe and environmentally sound manner, including training on operating procedures (§ 250.1913), the safe work practices (§ 250.1914), or the emergency response and control measures (§ 250.1918).

§ 250.1916 What criteria for mechanical integrity must my SEMS program meet?

You must develop and implement written procedures that provide instructions to ensure the mechanical integrity and safe operation of equipment through inspection, testing, and quality assurance. The purpose of mechanical integrity is to ensure that equipment is fit for service. Your mechanical integrity program must encompass all equipment and systems used to prevent or mitigate uncontrolled releases of hydrocarbons, toxic substances, or other materials that may cause environmental or safety consequences. These procedures must address the following:

(a) The design, procurement, fabrication, installation, calibration, and maintenance of your equipment and systems in accordance with the manufacturer's design and material specifications.

(b) The training of each employee involved in maintaining your equipment and systems so that your employees can implement your mechanical integrity program.

(c) The frequency of inspections and tests of your equipment and systems. The frequency of inspections and tests must be in accordance with BSEE regulations and meet the manufacturer's recommendations. Inspections and tests can be performed more frequently if determined to be necessary by prior operating experience.

(d) The documentation of each inspection and test that has been performed on your equipment and systems. This documentation must identify the date of the inspection or test; include the name and position, and the signature of the person who performed the inspection or test; include the serial number or other identifier of the equipment on which the inspection or test was performed; include a description of the inspection or test performed; and the results of the inspection test.

(e) The correction of deficiencies associated with equipment and systems that are outside the manufacturer's recommended limits. Such corrections must be made before further use of the equipment and system.

(f) The installation of new equipment and constructing systems. The procedures must address the application for which they will be used.

(g) The modification of existing equipment and systems. The procedures must ensure that they are modified for the application for which they will be used.

(h) The verification that inspections and tests are being performed. The procedures must be appropriate to ensure that equipment and systems are installed consistent with design specifications and the manufacturer's instructions.

(i) The assurance that maintenance materials, spare parts, and equipment are suitable for the applications for which they will be used.

§ 250.1917 What criteria for pre-startup review must be in my SEMS program?

Your SEMS program must require that the commissioning process include a pre-startup safety and environmental review for new and significantly modified facilities that are subject to this

subpart to confirm that the following criteria are met:

(a) Construction and equipment are in accordance with applicable specifications.

(b) Safety, environmental, operating, maintenance, and emergency procedures are in place and are adequate.

(c) Safety and environmental information is current.

(d) Hazards analysis recommendations have been implemented as appropriate.

(e) Training of operating personnel has been completed.

(f) Programs to address management of change and other elements of this subpart are in place.

(g) Safe work practices are in place.

§ 250.1918 What criteria for emergency response and control must be in my SEMS program?

Your SEMS program must require that emergency response and control plans are in place and are ready for immediate implementation. These plans must be validated by drills carried out in accordance with a schedule defined by the SEMS training program (§ 250.1915). The SEMS emergency response and control plans must include:

(a) Emergency Action Plan that assigns authority and responsibility to the appropriate qualified person(s) at a facility for initiating effective emergency response and control, addressing emergency reporting and response requirements, and complying with all applicable governmental regulations;

(b) Emergency Control Center(s) designated for each facility with access to the Emergency Action Plans, oil spill contingency plan, and other safety and environmental information (§ 250.1910); and

(c) Training and Drills incorporating emergency response and evacuation procedures conducted periodically for all personnel (including contractor's personnel), as required by the SEMS training program (§ 250.1915). Drills must be based on realistic scenarios conducted periodically to exercise elements contained in the facility or area emergency action plan. An analysis and critique of each drill must be conducted to identify and correct weaknesses.

§ 250.1919 What criteria for investigation of incidents must be in my SEMS program?

To learn from incidents and help prevent similar incidents, your SEMS program must establish procedures for investigation of all incidents with serious safety or environmental consequences and require investigation of incidents that are determined by facility management or BSEE to have possessed the potential for serious safety or environmental consequences. Incident investigations must be initiated as promptly as possible, with due regard for the necessity of securing the incident scene and protecting people and the environment. Incident investigations must be conducted by personnel knowledgeable in the process involved, investigation techniques, and other specialties that are relevant or necessary.

(a) The investigation of an incident must address the following:

(1) The nature of the incident;

(2) The factors (human or other) that contributed to the initiation of the incident and its escalation/control; and

(3) Recommended changes identified as a result of the investigation.

(b) A corrective action program must be established based on the findings of the investigation in order to analyze incidents for common root causes. The corrective action program must:

(1) Retain the findings of investigations for use in the next hazard analysis update or audit;

(2) Determine and document the response to each finding to ensure that corrective actions are completed; and

(3) Implement a system whereby conclusions of investigations are distributed to similar facilities and appropriate personnel within their organization.

§ 250.1920 What are the auditing requirements for my SEMS program?

(a) You must have your SEMS program audited by either an independent third-party or your designated and qualified personnel according to the requirements of this subpart and API RP 75, Section 12 (as incorporated by reference in § 250.198) within 2 years of the initial implementation of the SEMS program and at least once every 3

years thereafter. The audit must be a comprehensive audit of all thirteen elements of your SEMS program to evaluate compliance with the requirements of this subpart and API RP 75 to identify areas in which safety and environmental performance needs to be improved.

(b) Your audit plan and procedures must meet or exceed all of the recommendations included in API RP 75 section 12 (as specified in § 250.198) and include information on how you addressed those recommendations. You must specifically address the following items:

(1) Section 12.1 General.

(2) Section 12.2 Scope.

(3) Section 12.3 Audit Coverage.

(4) Section 12.4 Audit Plan. You must submit your written Audit Plan to BSEE at least 30 days before the audit. BSEE reserves the right to modify the list of facilities that you propose to audit.

(5) Section 12.5 Audit Frequency, except your audit interval must not exceed 3 years after the 2 year time period for the first audit.

(6) Section 12.6 Audit Team. The audit that you submit to BSEE must be conducted by either an independent third party or your designated and qualified personnel. The independent third party or your designated and qualified personnel must meet the requirements in § 250.1926.

(c) You must require your auditor (independent third party or your designated and qualified personnel) to submit an audit report of the findings and conclusions of the audit to BSEE within 30 days of the audit completion date. The report must outline the results of the audit, including deficiencies identified.

(d) You must provide the BSEE a copy of your plan for addressing the deficiencies identified in your audit within 30 days of completion of the audit. Your plan must address the following:

(1) A proposed schedule to correct the deficiencies identified in the audit. BSEE will notify you within 14 days of receipt of your plan if your proposed schedule is not acceptable.

(2) The person responsible for correcting each identified deficiency, including their job title.

(e) BSEE may verify that you undertook the corrective actions and that these actions effectively address the audit findings.

§§ 250.1921–250.1923 [Reserved]

§ 250.1924 How will BSEE determine if my SEMS program is effective?

(a) BSEE or its authorized representative may evaluate or visit your facility to determine whether your SEMS program is in place, addresses all required elements, and is effective in protecting the safety and health of workers, the environment, and preventing incidents. BSEE or its authorized representative may evaluate your SEMS program, including documentation of contractors, independent third parties, your designated and qualified personnel, and audit reports, to assess your SEMS program. These evaluations or visits may be random or based upon the OCS lease operator's or contractor's performance.

(b) For the evaluations, you must make the following available to BSEE upon request:

(1) Your SEMS program;

(2) The qualifications of your independent third-party or your designated and qualified personnel;

(3) The SEMS audits conducted of your program;

(4) Documents or information relevant to whether you have addressed and corrected the deficiencies of your audit; and

(5) Other relevant documents or information.

(c) During the site visit BSEE may verify that:

(1) Personnel are following your SEMS program,

(2) You can explain and demonstrate the procedures and policies included in your SEMS program; and

(3) You can produce evidence to support the implementation of your SEMS program.

(d) Representatives from BSEE may observe or participate in your SEMS audit. You must notify the BSEE at least 30 days prior to conducting your audit as required in § 250.1920, so that BSEE may make arrangements to observe or participate in the audit.

§ 250.1925 May BSEE direct me to conduct additional audits?

(a) If BSEE identifies safety or noncompliance concerns based on the results of our inspections and evaluations, or as a result of an event, BSEE may direct you to have an independent third-party audit of your SEMS program, in addition to the regular audit required by § 250.1920, or BSEE may conduct an audit.

(1) If BSEE direct you to have an independent third-party audit,

(i) You are responsible for all of the costs associated with the audit, and

(ii) The independent third-party audit must meet the requirements of § 250.1920 of this part and you must ensure that the independent third party submits the findings and conclusions of a BSEE-directed audit according to the requirements in § 250.1920 to BSEE within 30 days after the audit is completed.

(2) If BSEE conducts the audit, BSEE will provide a report of the findings and conclusions within 30 days of the audit.

(b) Findings from these audits may result in enforcement actions as identified in § 250.1927.

(c) You must provide the BSEE a copy of your plan for addressing the deficiencies identified in the BSEE-directed audit within 30 days of completion of the audit as required in § 250.1920.

§ 250.1926 What qualifications must an independent third party or my designated and qualified personnel meet?

(a) You must either choose an independent third-party or your designated and qualified personnel to audit your SEMS program. You must take into account the following qualifications when selecting the third-party or your designated and qualified personnel:

(1) Previous education and experience with SEMS, or similar management related programs.

(2) Technical capabilities of the individual or organization for the specific project.

(3) Ability to perform the independent third-party functions for the specific project considering current commitments.

(4) Previous experience with BSEE regulatory requirements and procedures.

(5) Previous education and experience to comprehend and evaluate how the company's offshore activities, raw materials, production methods and equipment, products, byproducts, and business management systems may impact health and safety performance in the workplace.

(b) You must have procedures to avoid conflicts of interest related to the development of your SEMS program and the independent third party auditor and your designated and qualified personnel.

(c) BSEE may evaluate the qualifications of the independent third parties or your designated and qualified personnel. This may include an audit of documents and procedures or interviews. BSEE may disallow audits by a specific independent third-party or your designated and qualified personnel if they do not meet the criteria of this section.

§ 250.1927 What happens if BSEE finds shortcomings in my SEMS program?

If BSEE determines that your SEMS program is not in compliance with this subpart we may initiate one or more of the following enforcement actions:

(a) Issue an Incident(s) of Noncompliance;

(b) Assess civil penalties; or

(c) Initiate probationary or disqualification procedures from serving as an OCS operator.

§ 250.1928 What are my recordkeeping and documentation requirements?

(a) Your SEMS program procedures must ensure that records and documents are maintained for a period of 6 years, except as provided below. You must document and keep all SEMS audits for 6 years and make them available to BSEE upon request. You must maintain a copy of all SEMS program documents at an onshore location.

(b) For JSAs, the person in charge of the activity must document the results of the JSA in writing and must ensure that records are kept onsite for 30 days. You must retain these records for

2 years and make them available to BSEE upon request.

(c) You must document and date all management of change provisions as specified in §250.1912. You must retain these records for 2 years and make them available to BSEE upon request.

(d) You must keep your injury/illness log for 2 years and make them available to BSEE upon request.

(e) You must keep all evaluations completed on contractor's safety policies and procedures for 2 years and make them available to BSEE upon request.

(f) You must keep all records in an orderly manner, readily identifiable, retrievable and legible, and include the date of any and all revisions.

§250.1929 What are my responsibilities for submitting OCS performance measure data?

You must submit Form BSEE–0131 on an annual basis by March 31st. The form must be broken down quarterly, reporting the previous calendar year's data.

PART 251—GEOLOGICAL AND GEOPHYSICAL (G&G) EXPLORATIONS OF THE OUTER CONTINENTAL SHELF

Sec.
251.1 Definitions.
251.2 [Reserved]
251.3 Authority and applicability of this part.
251.4–251.6 [Reserved]
251.7 Test drilling activities under a permit.
251.8–251.14 [Reserved]
251.15 Authority for information collection.

AUTHORITY: 31 U.S.C. 9701, 43 U.S.C. 1334.

SOURCE: 76 FR 64462, Oct. 18, 2011 unless otherwise noted.

§251.1 Definitions.

Terms used in this part have the following meaning:

Act means the Outer Continental Shelf Lands Act (OCSLA), as amended (43 U.S.C. 1331 *et seq.*).

Analyzed geological information means data collected under a permit or a lease that have been analyzed. Analysis may include, but is not limited to, identification of lithologic and fossil content, core analyses, laboratory analyses of physical and chemical properties, well logs or charts, results from formation fluid tests, and descriptions of hydrocarbon occurrences or hazardous conditions.

Archaeological interest means capable of providing scientific or humanistic understanding of past human behavior, cultural adaptation, and related topics through the application of scientific or scholarly techniques, such as controlled observation, contextual measurements, controlled collection, analysis, interpretation, and explanation.

Archaeological resources mean any material remains of human life or activities that are at least 50 years of age and of archaeological interest.

Coastal environment means the physical, atmospheric, and biological components, conditions, and factors that interactively determine the productivity, state, condition, and quality of the terrestrial ecosystem from the shoreline inward to the boundaries of the coastal zone.

Coastal Zone means the coastal waters (including the lands therein and thereunder) and the adjacent shorelands (including the waters therein and thereunder), strongly influenced by each other and in proximity to the shorelines of the several coastal States and extends seaward to the outer limit of the U.S. territorial sea.

Coastal Zone Management Act means the Coastal Zone Management Act of 1972, as amended (16 U.S.C. 1451 *et seq.*).

Data means facts, statistics, measurements, or samples that have not been analyzed, processed, or interpreted.

Deep stratigraphic test means drilling that involves the penetration into the sea bottom of more than 500 feet (152 meters).

Director means the Director of the Bureau of Safety and Environmental Enforcement, U.S. Department of the Interior, or a subordinate authorized to act on the Director's behalf.

Exploration means the commercial search for oil, gas, and sulphur. Activities classified as exploration include, but are not limited to:

(1) Geological and geophysical marine and airborne surveys where magnetic, gravity, seismic reflection, seismic refraction, gas sniffers, coring, or

other systems are used to detect or imply the presence of oil, gas, or sulphur; and

(2) Any drilling, whether on or off a geological structure.

Geological and geophysical scientific research means any oil, gas, or sulphur related investigation conducted in the OCS for scientific and/or research purposes. Geological, geophysical, and geochemical data and information gathered and analyzed are made available to the public for inspection and reproduction at the earliest practicable time. The term does not include commercial geological or geophysical exploration or research.

Geological exploration means exploration that uses geological and geochemical techniques (e.g., coring and test drilling, well logging, and bottom sampling) to produce data and information on oil, gas, and sulphur resources in support of possible exploration and development activities. The term does not include geological scientific research.

Geological information means geological or geochemical data that have been analyzed, processed, or interpreted.

Geophysical data means measurements that have not been processed or interpreted.

Geophysical exploration means exploration that utilizes geophysical techniques (e.g., gravity, magnetic, electromagnetic, or seismic) to produce data and information on oil, gas, and sulphur resources in support of possible exploration and development activities. The term does not include geophysical scientific research.

Geophysical information means geophysical data that have been processed or interpreted.

Governor means the Governor of a State or the person or entity lawfully designated to exercise the powers granted to a Governor pursuant to the Act.

Human environment means the physical, social, and economic components, conditions, and factors which interactively determine the state, condition, and quality of living conditions, employment, and health of those affected, directly or indirectly, by activities occurring on the OCS.

Hydrocarbon occurrence means the direct or indirect detection during drilling operations of any liquid or gaseous hydrocarbons by examination of well cuttings, cores, gas detector readings, formation fluid tests, wireline logs, or by any other means. The term does not include background gas, minor accumulations of gas, or heavy oil residues on cuttings and cores.

Interpreted geological information means knowledge, often in the form of schematic cross sections, 3-dimensional representations, and maps, developed by determining the geological significance of geological data and analyzed and processed geologic information.

Interpreted geophysical information means knowledge, often in the form of seismic cross sections, 3-dimensional representations, and maps, developed by determining the geological significance of geophysical data and processed geophysical information.

Lease means an agreement which is issued under section 8 or maintained under section 6 of the Act and which authorizes exploration for, and development and production of, minerals or the area covered by that authorization, whichever is required by the context.

Lessee means a person who has entered into, or is the BOEM approved assignee of, a lease with the United States to explore for, develop, and produce the leased minerals. The term ''lessee'' also includes an owner of operating rights.

Marine environment means the physical, atmospheric, and biological components, conditions, and factors that interactively determine the quality of the marine ecosystem in the coastal zone and in the OCS.

Material remains mean physical evidence of human habitation, occupation, use, or activity, including the site, location, or context in which such evidence is situated.

Minerals mean oil, gas, sulphur, geopressured-geothermal and associated resources, and all other minerals which are authorized by an Act of Congress to be produced from public lands as defined in section 103 of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1702).

Notice means a written statement of intent to conduct geological or geophysical scientific research related to oil, gas, and sulphur in the OCS other than under a permit.

Oil, gas, and sulphur mean oil, gas, sulphur, geopressured-geothermal, and associated resources.

Outer Continental Shelf (OCS) means all submerged lands lying seaward and outside the area of lands beneath navigable waters as defined in section 2 of the Submerged Lands Act (43 U.S.C. 1301), and of which the subsoil and seabed appertain to the United States and are subject to its jurisdiction and control.

Permit means the contract or agreement, other than a lease, issued pursuant to this part, under which a person acquires the right to conduct on the OCS, in accordance with appropriate statutes, regulations, and stipulations:

(1) Geological exploration for mineral resources;

(2) Geophysical exploration for mineral resources;

(3) Geological scientific research; or

(4) Geophysical scientific research.

Permittee means the person authorized by a permit issued pursuant to this part to conduct activities on the OCS.

Person means a citizen or national of the United States; an alien lawfully admitted for permanent residence in the United States as defined in section 8 U.S.C. 1101(a)(20); a private, public, or municipal corporation organized under the laws of the United States or of any State or territory thereof; and associations of such citizens, nationals, resident aliens, or private, public, or municipal corporations, States, or political subdivisions of States or anyone operating in a manner provided for by treaty or other applicable international agreements. The term does not include Federal agencies.

Processed geological or geophysical information means data collected under a permit and later processed or reprocessed. Processing involves changing the form of data so as to facilitate interpretation. Processing operations may include, but are not limited to, applying corrections for known perturbing causes, rearranging or filtering data, and combining or transforming data elements. Reprocessing is the additional processing other than ordinary processing used in the general course of evaluation. Reprocessing operations may include varying identified parameters for the detailed study of a specific problem area. Reprocessing may occur several years after the original processing date. Reprocessing is determined to be completed on the date that the reprocessed information is first available in a useable format for in-house interpretation by BOEM or the permittee, or becomes first available to third parties via sale, trade, license agreement, or other means.

Secretary means the Secretary of the Interior or a subordinate authorized to act on the Secretary's behalf.

Shallow test drilling means drilling into the sea bottom to depths less than those specified in the definition of a deep stratigraphic test.

Significant archaeological resource means those archaeological resources that meet the criteria of significance for eligibility to the National Register of Historic Places as defined in 36 CFR 60.4.

Third Party means any person other than the permittee or a representative of the United States, including all persons who obtain data or information acquired under a permit from the permittee, or from another third party, by sale, trade, license agreement, or other means.

Violation means a failure to comply with any provision of the Act, or a provision of a regulation or order issued under the Act, or any provision of a lease, license, or permit issued under the Act.

You means a person who applies for and/or obtains a permit, or files a Notice to conduct geological or geophysical exploration or scientific research related to oil, gas, and sulphur in the OCS.

§251.2 [Reserved]

§251.3 Authority and applicability of this part.

BSEE authorizes you to conduct exploration or scientific research activities under this part in accordance with the Act, the regulations in this part,

orders of the Director/Regional Director, and other applicable statutes, regulations, and amendments.

(a) This part does not apply to G&G exploration conducted by or on behalf of the lessee on a lease in the OCS. Refer to 30 CFR part 550 if you plan to conduct G&G activities related to oil, gas, or sulphur under terms of a lease.

(b) Federal agencies are exempt from the regulations in this part.

(c) G&G exploration or G&G scientific research related to minerals other than oil, gas, and sulphur is covered by regulations at 30 CFR part 580.

§§ 251.4–251.6 [Reserved]

§ 251.7 Test drilling activities under a permit.

(a) [Reserved]

(b) *Deep stratigraphic tests*. You must submit to the appropriate BOEM or BSEE Regional Director, at the address in 30 CFR 551.5(d) for BOEM or 30 CFR 254.7 for BSEE, a drilling plan (submitted to BOEM), an environmental report (submitted to BOEM), an Application for Permit to Drill (Form BSEE–0123) (submitted to BSEE), and a Supplemental APD Information Sheet (Form BSEE–0123S) (submitted to BSEE) as follows:

(1) *Drilling plan*. The drilling plan must include:

(i) The proposed type, sequence, and timetable of drilling activities;

(ii) A description of your drilling rig, indicating the important features with special attention to safety, pollution prevention, oil-spill containment and cleanup plans, and onshore disposal procedures;

(iii) The location of each deep stratigraphic test you will conduct, including the location of the surface and projected bottomhole of the borehole;

(iv) The types of geological and geophysical survey instruments you will use before and during drilling;

(v) Seismic, bathymetric, sidescan sonar, magnetometer, or other geophysical data and information sufficient to evaluate seafloor characteristics, shallow geologic hazards, and structural detail across and in the vicinity of the proposed test to the total depth of the proposed test well; and

(vi) Other relevant data and information that the BOEM Regional Director requires.

(2) *Environmental report*. The environmental report must include all of the following material:

(i) A summary with data and information available at the time you submitted the related drilling plan. BOEM will consider site-specific data and information developed since the most recent environmental impact statement or other environmental impact analysis in the immediate area. The summary must meet the following requirements:

(A) You must concentrate on the issues specific to the site(s) of drilling activity. However, you only need to summarize data and information discussed in any environmental reports, analyses, or impact statements prepared for the geographic area of the drilling activity.

(B) You must list referenced material. Include brief descriptions and a statement of where the material is available for inspection.

(C) You must refer only to data that are available to BOEM.

(ii) Details about your project such as:

(A) A list and description of new or unusual technologies;

(B) The location of travel routes for supplies and personnel;

(C) The kinds and approximate levels of energy sources;

(D) The environmental monitoring systems; and

(E) Suitable maps and diagrams showing details of the proposed project layout.

(iii) A description of the existing environment. For this section, you must include the following information on the area:

(A) Geology;

(B) Physical oceanography;

(C) Other uses of the area;

(D) Flora and fauna;

(E) Existing environmental monitoring systems; and

(F) Other unusual or unique characteristics that may affect or be affected by the drilling activities.

(iv) A description of the probable impacts of the proposed action on the environment and the measures you propose for mitigating these impacts.

(v) A description of any unavoidable or irreversible adverse effects on the environment that could occur.

(vi) Other relevant data that the BOEM Regional Director requires.

(3) *Copies for coastal States.* You must submit copies of the drilling plan and environmental report to the BOEM Regional Director for transmittal to the Governor of each affected coastal State and the coastal zone management agency of each affected coastal State that has an approved program under the Coastal Zone Management Act. (The BOEM Regional Director will make the drilling plan and environmental report available to appropriate Federal agencies and the public according to the Department of the Interior's policies and procedures).

(4) *Certification of coastal zone management program consistency and State concurrence.* When required under an approved coastal zone management program of an affected State, your drilling plan must include a certification that the proposed activities described in the plan comply with enforceable policies of, and will be conducted in a manner consistent with such State's program. The BOEM Regional Director may not approve any of the activities described in the drilling plan unless the State concurs with the consistency certification or the Secretary of Commerce makes the finding authorized by section 307(c)(3)(B)(iii) of the Coastal Zone Management Act.

(5) *Protecting archaeological resources.* If the BOEM Regional Director believes that an archaeological resource may exist in the area that may be affected by drilling, the BOEM Regional Director will notify you of the need to prepare an archaeological report under 30 CFR 551.7(b)(5).

(i) If the evidence suggests that an archaeological resource may be present, you must:

(A) Locate the site of the drilling so as to not adversely affect the area where the archaeological resources may be, or

(B) Establish to the satisfaction of the BOEM Regional Director that an archaeological resource does not exist or will not be adversely affected by drilling. This must be done by further archaeological investigation, conducted by an archaeologist and a geophysicist, using survey equipment and techniques deemed necessary by the Regional Director. A report on the investigation must be submitted to the BOEM Regional Director for review.

(ii) If the BOEM Regional Director determines that an archaeological resource is likely to be present in the area that may be affected by drilling, and may be adversely affected by drilling, the BOEM Regional Director will notify you immediately. You must take no action that may adversely affect the archaeological resource unless further investigations determine that the resource is not archaeologically significant.

(iii) If you discover any archaeological resource while drilling, you must immediately halt drilling and report the discovery to the BOEM Regional Director. If investigations determine that the resource is significant, the BOEM Regional Director will inform you how to protect it.

(6) *Application for permit to drill (APD).* Before commencing deep stratigraphic test drilling activities under an approved drilling plan, you must submit an APD and a Supplemental APD Information Sheet (Forms BSEE–0123 and BSEE–0123S) and receive approval. You must comply with all regulations relating to drilling operations in 30 CFR part 250.

(7) *Revising an approved drilling plan.* Before you revise an approved drilling plan, you must obtain the BOEM Regional Director's approval.

(8) *After drilling.* When you complete the test activities, you must permanently plug and abandon the boreholes of all deep stratigraphic tests in compliance with 30 CFR part 250. If the tract on which you conducted a deep stratigraphic test is leased to another party for exploration and development, and if the lessee has not disturbed the borehole, BSEE will hold you and not the lessee responsible for problems associated with the test hole.

(9) *Deadline for completing a deep stratigraphic test.* If your deep stratigraphic test well is within 50 geographic miles

of a tract that BOEM has identified for a future lease sale, as listed on the currently approved OCS leasing schedule, you must complete all drilling activities and submit the data and information to the BOEM Regional Director at least 60 days before the first day of the month in which BOEM schedules the lease sale. However, the BOEM Regional Director may extend your permit duration to allow you to complete drilling activities and submit data and information if the extension is in the National interest.

(c)–(d) [Reserved]

§ 251.8–251.14 [Reserved]

§ 251.15 Authority for information collection.

The Office of Management and Budget has approved the information collection requirements in this part under 44 U.S.C. 3501 *et seq*. and assigned OMB control number 1010–0141 as it pertains to Application for Permit to Drill (APD, Form BSEE–0123), and Supplemental APD Information Sheet (Form BSEE–0123S). The title of this information collection is ''30 CFR part 250, subpart D, ''Oil and Gas Drilling Operations.''

PART 252—OUTER CONTINENTAL SHELF (OCS) OIL AND GAS INFORMATION PROGRAM

Sec

252.1 Purpose.
252.2 Definitions.
252.3 Oil and gas data and information to be provided for use in the OCS Oil and Gas Information Program.
252.4 Summary Report to affected States.
252.5 Information to be made available to affected States.
252.6 Freedom of Information Act requirements.
252.7 Privileged and proprietary data and information to be made available to affected States.

AUTHORITY: OCS Lands Act, 43 U.S.C. 1331 *et seq.*, as amended, 92 Stat. 629; Freedom of Information Act, 5 U.S.C. 552; § 252.3 also issued under Pub. L. 99–190 making continuing appropriations for Fiscal Year 1986, and for other purposes.

SOURCE: 76 FR 64462, Oct. 18, 2011 unless otherwise noted.

§ 252.1 Purpose.

The purpose of this part is to implement the provisions of section 26 of the Act (43 U.S.C. 1352). This part supplements the procedures and requirements contained in 30 CFR parts 250, 251, 550, and 551 and provides procedures and requirements for the submission of oil and gas data and information resulting from exploration, development, and production operations on the Outer Continental Shelf (OCS) to the Director, Bureau of Safety and Environmental Enforcement (BSEE). In addition, this part establishes procedures for the Director to make available certain information to the Governors of affected States and, upon request, to the executives of affected local governments in accordance with the provisions of the Freedom of Information Act and the Act.

§ 252.2 Definitions.

When used in the regulations in this part, the following terms shall have the following meanings:

Act refers to the Outer Continental Shelf Lands Act, as amended (43 U.S.C. 1331 *et seq.*).

Affected local government means the principal governing body of a locality which is in an affected State and is identified by the Governor of that State as a locality which will be significantly affected by oil and gas activities on the OCS.

Affected State means, with respect to any program, plan, lease sale, or other activity, proposed, conducted, or approved pursuant to the provisions of the Act, any State:

(1) The laws of which are declared, pursuant to section 4(a)(2)(A) of the Act, to be the law of the United States for the portion of the OCS on which such activity is, or is proposed to be, conducted;

(2) Which is, or is proposed to be, directly connected by transportation facilities to any artificial island or installations and other devices permanently, or temporarily attached to the seabed;

(3) Which is receiving, or in accordance with the proposed activity will receive, oil for processing, refining, or transshipment which was extracted from the OCS and transported directly

to such State by means of vessels or by a combination of means including vessels;

(4) Which is designated by the Director as a State in which there is a substantial probability of significant impact on or damage to the coastal, marine, or human environment, or a State in which there will be significant changes in the social, governmental, or economic infrastructure, resulting from the exploration, development, and production of oil and gas anywhere on the OCS; or

(5) In which the Director finds that because of such activity there is, or will be, a significant risk of serious damage, due to factors such as prevailing winds and currents, to the marine or coastal environment in the event of any oilspill, blowout, or release of oil or gas from vessels, pipelines, or other transshipment facilities.

Analyzed geological information means data collected under a permit or a lease which have been analyzed. Analysis may include, but is not limited to, identification of lithologic and fossil content, core analyses, laboratory analyses of physical and chemical properties, logs or charts of electrical, radioactive, sonic, and other well logs, and descriptions of hydrocarbon shows or hazardous conditions.

Area adjacent to a State means all of that portion of the OCS included within a planning area if such planning area is bordered by that State. The portion of the OCS in the Navarin Basin Planning Area is deemed to be adjacent to the State of Alaska. The States of New York and Rhode Island are deemed to be adjacent to both the Mid-Atlantic Planning Area and the North Atlantic Planning Area.

Data means facts and statistics or samples which have not been analyzed or processed.

Development means those activities which take place following discovery of oil or natural gas in paying quantities, including geophysical activity, drilling, platform construction, and operation of all onshore support facilities, and which are for the purpose of ultimately producing the oil and gas discovered.

Director means the Director of the Bureau of Safety and Environmental Enforcement (BSEE) of the U.S. Department of the Interior or a designee of the Director.

Exploration means the process of searching for oil and natural gas, including:

(1) Geophysical surveys where magnetic, gravity, seismic, or other systems are used to detect or imply the presence of such oil or natural gas, and

(2) Any drilling, whether on or off known geological structures, including the drilling of a well in which a discovery of oil or natural gas in paying quantities is made and the drilling of any additional delineation well after such discovery which is needed to delineate any reservoir and to enable the lessee to determine whether to proceed with development and production.

Governor means the Governor of a State, or the person or entity designated by, or pursuant to, State law to exercise the powers granted to a Governor pursuant to the Act.

Information, when used without a qualifying adjective, includes analyzed geological information, processed geophysical information, interpreted geological information, and interpreted geophysical information.

Interpreted geological information means knowledge, often in the form of schematic cross sections and maps, developed by determining the geological significance of data and analyzed geological information.

Interpreted geophysical information means knowledge, often in the form of schematic cross sections and maps, developed by determining the geological significance of geophysical data and processed geophysical information.

Lease means any form of authorization which is issued under section 8 or maintained under section 6 of the Act and which authorizes exploration for, and development and production of, oil or natural gas, or the land covered by such authorization, whichever is required by the context.

Lessee means the party authorized by a lease, or an approved assignment thereof, to explore for and develop and produce the leased deposits in accordance with the regulations in 30 CFR part 550, including all parties holding such authority by or through the lessee.

Outer Continental Shelf (OCS) means all submerged lands which lie seaward and outside of the area of lands beneath navigable waters as defined in the Submerged Lands Act (67 Stat. 29) and of which the subsoil and seabed appertain to the United States and are subject to its jurisdiction and control.

Permittee means the party authorized by a permit issued pursuant to 30 CFR parts 251 and 551 to conduct activities on the OCS.

Processed geophysical information means data collected under a permit or a lease which have been processed. Processing involves changing the form of data so as to facilitate interpretation. Processsing operations may include, but are not limited to, applying corrections for known perturbing causes, rearranging or filtering data, and combining or transforming data elements.

Production means those activities which take place after the successful completion of any means for the removal of oil or natural gas, including such removal, field operations, transfer of oil or natural gas to shore, operation monitoring, maintenance, and workover drilling.

Secretary means the Secretary of the Interior or a designee of the Secretary.

§ 252.3 Oil and gas data and information to be provided for use in the OCS Oil and Gas Information Program.

(a) Any permittee or lessee engaging in the activities of exploration for, or development and production of, oil and gas on the OCS shall provide the Director access to all data and information obtained or developed as a result of such activities, including geological data, geophysical data, analyzed geological information, processed and reprocessed geophysical information, interpreted geophysical information, and interpreted geological information. Copies of these data and information and any interpretation of these data and information shall be provided to the Director upon request. No permittee or lessee submitting an interpretation of data or information, where such interpretation has been submitted in good faith, shall be held responsible for any consequence of the use of or reliance upon such interpretation.

(b)(1) Whenever a lessee or permittee provides any data or information, at the request of the Director and specifically for use in the OCS Oil and Gas Information Program in a form and manner of processing which is utilized by the lessee or permittee in the normal conduct of business, the Director shall pay the reasonable cost of reproducing the data and information if the lessee or permittee requests reimbursement. The cost shall be computed and paid in accordance with the applicable provisions of paragraph (e)(1) of this section.

(2) Whenever a lessee or permittee provides any data or information, at the request of the Director and specifically for use in the OCS Oil and Gas Information Program, in a form and manner of processing not normally utilized by the lessee or permittee in the normal conduct of business, the Director shall pay the lessee or permittee, if the lessee or permittee requests reimbursement, the reasonable cost of processing and reproducing the requested data and information. The cost is to be computed and paid in accordance with the applicable provisions of paragraph (e)(2) of this section.

(c) Data or information requested by the Director shall be provided as soon as practicable, but not later than 30 days following receipt of the Director's request, unless, for good reason, the Director authorizes a longer time period for the submission of the requested data or information.

(d) The Director reserves the right to disclose any data or information acquired from a lessee or permittee to an independent contractor or agent for the purpose of reproducing, processing, reprocessing, or interpreting such data or information. When practicable, the Director shall notify the lessee(s) or permittee(s) who provided the data or information of the intent to disclose the data or information to an independent contractor or agent. The Director's notice of intent will afford the permittee(s) or lessee(s) a period of not less than 5 working days within which to comment on the intended action. When the Director so notifies a lessee or permittee of the intent to disclose data or information to an independent

contractor or agent, all other owners of such data or information shall be deemed to have been notified of the Director's intent. Prior to any such disclosure, the contractor or agent shall be required to execute a written commitment not to disclose any data or information to anyone without the express consent of the Director, and not to make any disclosure or use of the data or information other than that provided in the contract. Contracts between BSEE and independent contractors shall be available to the lessee(s) or permittee(s) for inspection. In the event of any unauthorized use or disclosure of data or information by the contractor or agent, or by an employee thereof, the responsible contractor or agent or employee thereof shall be liable for penalties pursuant to section 24 of the Act.

(e)(1) After delivery of data or information in accordance with paragraph (b)(1) of this section and upon receipt of a request for reimbursement and a determination by the Director that the requested reimbursement is proper, the lessee or permittee shall be reimbursed for the cost of reproducing the data or information at the lessee's or permittee's lowest rate or at the lowest commercial rate established in the area, whichever is less. Requests for reimbursement must be made within 60 days of the delivery date of the data or information requested under paragraph (b)(1) of this section.

(2) After delivery of data or information in accordance with paragraph (b)(3) of this section, and upon receipt of a request for reimbursement and a determination by the Director that the requested reimbursement is proper, the lessee or permittee shall be reimbursed for the cost of processing or reprocessing and of reproducing the requested data or information. Requests for reimbursement must be made within 60 days of the delivery date of the data or information and shall be for only the costs attributable to processing or reprocessing and reproducing, as distinguished from the costs of data acquisition.

(3) Requests for reimbursement are to contain a breakdown of costs in sufficient detail to allow separation of reproduction, processing, and reprocessing costs from acquisition and other costs.

(f) Each Federal Department or Agency shall provide the Director with any data which it has obtained pursuant to section 11 of the Act and any other information which may be necessary or useful to assist the Director in carrying out the provisions of the Act.

§ 252.4 Summary Report to affected States.

(a) The Director, as soon as practicable after analysis, interpretation, and compilation of oil and gas data and information developed by BSEE or furnished by lessees, permittees, or other government agencies, shall make available to affected States and, upon request, to the executive of any affected local government, a Summary Report of data and information designed to assist them in planning for the onshore impacts of potential OCS oil and gas development and production. The Director shall consult with affected States and other interested parties to define the nature, scope, content, and timing of the Summary Report. The Director may consult with affected States and other interested parties regarding subsequent revisions in the definition of the nature, scope, content, and timing of the Summary Report. The Summary Report shall not contain data or information which the Director determines is exempt from disclosure in accordance with this part. The Summary Report shall not contain data or information the release of which the Director determines would unduly damage the competitive position of the lessee or permittee who provided the data or information which the Director has processed, analyzed, or interpreted during the development of the Summary Report. The Summary Report shall include:

(1) Estimates of oil and gas reserves; estimates of the oil and gas resources that may be found within areas which the Secretary has leased or plans to offer for lease; and when available, projected rates and volumes of oil and gas to be produced from leased areas;

(2) Magnitude of the approximate projections and timing of development,

if and when oil or gas, or both, is discovered;

(3) Methods of transportation to be used, including vessels and pipelines and approximate location of routes to be followed; and

(4) General location and nature of near-shore and onshore facilities expected to be utilized.

(b) When the Director determines that significant changes have occurred in the information contained in a Summary Report, the Director shall prepare and make available the new or revised information to each affected State, and, upon request, to the executive of any affected local government.

§ 252.5 Information to be made available to affected States.

(a) The BOEM Director shall prepare an index of OCS information (see 30 CFR 556.10). The index shall list all relevant actual or proposed programs, plans, reports, environmental impact statements, nominations information, environmental study reports, lease sale information, and any similar type of relevant information, including modifications, comments, and revisions prepared or directly obtained by the Director under the Act. The index shall be sent to affected States and, upon request, to any affected local government. The public shall be informed of the availability of the index.

(b) Upon request, the Director shall transmit to affected States, affected local governments, and the public a copy of any information listed in the index which is subject to the control of BOEM, in accordance with the requirements and subject to the limitations of the Freedom of Information Act (5 U.S.C.552) and implementing regulations. The Director shall not transmit or make available any information which he determines is exempt from disclosure in accordance with this part.

§ 252.6 Freedom of Information Act requirements.

(a) The Director shall make data and information available in accordance with the requirements and subject to the limitations of the Freedom of Information Act (5 U.S.C. 552), the regulations contained in 43 CFR part 2 (Records and Testimony), the requirements of the Act, and the regulations contained in 30 CFR parts 250 and 550 (Oil and Gas and Sulphur Operations in the Outer Continental Shelf) and 30 CFR parts 251 and 551 (Geological and Geophysical Explorations of the Outer Continental Shelf).

(b) Except as provided in § 252.7 or in 30 CFR parts 250, 251, 550, and 551, no data or information determined by the Director to be exempt from public disclosure under paragraph (a) of this section shall be provided to any affected State or be made available to the executive of any affected local government or to the public unless the lessee, or the permittee and all persons to whom such permittee has sold such data or information under promise of confidentiality, agree to such action.

§ 252.7 Privileged and proprietary data and information to be made available to affected States.

(a)(1) The Governor of any affected State may designate an appropriate State official to inspect, at a regional location which the Director shall designate, any privileged or proprietary data or information received by the Director regarding any activity in an area adjacent to such State, except that no such inspection shall take place prior to the sale of a lease covering the area in which such activity was conducted.

(2)(i) Except as provided for in 30 CFR 250.197, 30 CFR 550.197, and 30 CFR 551.14, no privileged or proprietary data or information will be transmitted to any affected State unless the lessee who provided the privileged or proprietary data or information agrees in writing to the transmittal of the data or information.

(ii) Except as provided for in 30 CFR 250.197, 30 CFR 550.197, and 30 CFR 551.14, no privileged or proprietary data or information will be transmitted to any affected State unless the permittee and all persons to whom the permittee has sold the data or information under promise of confidentiality agree in writing to the transmittal of the data or information.

(3) Knowledge obtained by a State official who inspects data or information under paragraph (a)(1) or who receives data or information under paragraph

(a)(2) of this section shall be subject to the requirements and limitations of the Freedom of Information Act (5 U.S.C. 552), the regulations contained in 43 CFR part 2 (Records and Testimony), the Act (92 Stat. 629), the regulations contained in 30 CFR parts 250 and 550 (Oil and Gas and Sulphur Operations in the Outer Continental Shelf), the regulations contained in 30 CFR parts 251 and 551 (Geological and Geophysical Explorations of the Outer Continental Shelf), and the regulations contained in 30 CFR parts 252 and 552 (Outer Continental Shelf Oil and Gas Information Program).

(4) Prior to the transmittal of any privileged or proprietary data or information to any State, or the grant of access to a State official to such data or information, the Secretary shall enter into a written agreement with the Governor of the State in accordance with section 26(e) of the Act (43 U.S.C. 1352). In that agreement the State shall agree, as a condition precedent to receiving or being granted access to such data or information to: (i) Protect and maintain the confidentiality of privileged or proprietary data and information in accordance with the laws and regulations listed in paragraph (a)(3) of this section;

(ii) Waive the defenses as set forth in paragraph (b)(2) of this section; and

(iii) Hold the United States harmless from any violations of the agreement to protect the confidentiality of privileged or proprietary data or information by the State or its employees or contractors.

(b)(1) Whenever any employee of the Federal Government or of any State reveals in violation of the Act or of the provisions of the regulations implementing the Act, privileged or proprietary data or information obtained pursuant to the regulations in this chapter, the lessee or permittee who supplied such information to the Director or any other Federal official, and any person to whom such lessee or permittee has sold such data or information under the promise of confidentiality, may commence a civil action for damages in the appropriate district court of the United States against the Federal Government or such State, as the case may be. Any Federal or State employee who is found guilty of failure to comply with any of the requirements of this section shall be subject to the penalties described in section 24 of the Act (43 U.S.C. 1350).

(2) In any action commenced against the Federal Government or a State pursuant to paragraph (b)(1) of this section, the Federal Government or such State, as the case may be, may not raise as a defense any claim of sovereign immunity, or any claim that the employee who revealed the privileged or proprietary data or information which is the basis of such suit was acting outside the scope of the person's employment in revealing such data or information.

(c) If the Director finds that any State cannot or does not comply with the conditions described in the agreement entered into pursuant to paragraph (a)(4) of this section, the Director shall thereafter withhold transmittal and deny access for inspection of privileged or proprietary data or information to such State until the Director finds that such State can and will comply with those conditions.

PART 253 [RESERVED]

PART 254—OIL-SPILL RESPONSE REQUIREMENTS FOR FACILITIES LOCATED SEAWARD OF THE COAST LINE

Subpart A—General

Sec.

254.1 Who must submit a spill-response plan?
254.2 When must I submit a response plan?
254.3 May I cover more than one facility in my response plan?
254.4 May I reference other documents in my response plan?
254.5 General response plan requirements.
254.6 Definitions.
254.7 How do I submit my response plan to the BSEE?
254.8 May I appeal decisions under this part?
254.9 Authority for information collection.

Subpart B—Oil-Spill Response Plans for Outer Continental Shelf Facilities

254.20 Purpose.
254.21 How must I format my response plan?

254.22 What information must I include in the ''Introduction and plan contents'' section?
254.23 What information must I include in the ''Emergency response action plan'' section?
254.24 What information must I include in the ''Equipment inventory'' appendix?
254.25 What information must I include in the ''Contractual agreements'' appendix?
254.26 What information must I include in the ''Worst case discharge scenario'' appendix?
254.27 What information must I include in the ''Dispersant use plan'' appendix?
254.28 What information must I include in the ''In situ burning plan'' appendix?
254.29 What information must I include in the ''Training and drills'' appendix?
254.30 When must I revise my response plan?

Subpart C—Related Requirements for Outer Continental Shelf Facilities

254.40 Records.
254.41 Training your response personnel.
254.42 Exercises for your response personnel and equipment.
254.43 Maintenance and periodic inspection of response equipment.
254.44 Calculating response equipment effective daily recovery capacities.
254.45 Verifying the capabilities of your response equipment.
254.46 Whom do I notify if an oil spill occurs?
254.47 Determining the volume of oil of your worst case discharge scenario.

Subpart D—Oil-Spill Response Requirements for Facilities Located in State Waters Seaward of the Coast Line

254.50 Spill response plans for facilities located in State waters seaward of the coast line.
254.51 Modifying an existing OCS response plan.
254.52 Following the format for an OCS response plan.
254.53 Submitting a response plan developed under State requirements.
254.54 Spill prevention for facilities located in State waters seaward of the coast line.

AUTHORITY: 33 U.S.C. 1321.

SOURCE: 76 FR 64462, Oct. 18, 2011 unless otherwise noted.

Subpart A—General

§ 254.1 Who must submit a spill-response plan?

(a) If you are the owner or operator of an oil handling, storage, or transportation facility, and it is located seaward of the coast line, you must submit a spill-response plan to BSEE for approval. Your spill-response plan must demonstrate that you can respond quickly and effectively whenever oil is discharged from your facility. Refer to § 254.6 for the definitions of ''oil,'' ''facility,'' and ''coast line'' if you have any doubts about whether to submit a plan.

(b) You must maintain a current response plan for an abandoned facility until you physically remove or dismantle the facility or until the Regional Supervisor notifies you in writing that a plan is no longer required.

(c) Owners or operators of offshore pipelines carrying essentially dry gas do not need to submit a plan. You must, however, submit a plan for a pipeline that carries:

(1) Oil;

(2) Condensate that has been injected into the pipeline; or

(3) Gas and naturally occurring condensate.

(d) If you are in doubt as to whether you must submit a plan for an offshore facility or pipeline, you should check with the Regional Supervisor.

(e) If your facility is located landward of the coast line, but you believe your facility is sufficiently similar to OCS facilities that it should be regulated by BSEE, you may contact the Regional Supervisor, offer to accept BSEE jurisdiction over your facility, and request that BSEE seek from the agency with jurisdiction over your facility a relinquishment of that jurisdiction.

§ 254.2 When must I submit a response plan?

(a) You must submit, and BSEE must approve, a response plan that covers each facility located seaward of the coast line before you may use that facility. To continue operations, you must operate the facility in compliance with the plan.

(b) Despite the provisions of paragraph (a) of this section, you may operate your facility after you submit your plan while BSEE reviews it for approval. To operate a facility without an approved plan, you must certify in writing to the Regional Supervisor

that you have the capability to respond, to the maximum extent practicable, to a worst case discharge or a substantial threat of such a discharge. The certification must show that you have ensured by contract, or other means approved by the Regional Supervisor, the availability of private personnel and equipment necessary to respond to the discharge. Verification from the organization(s) providing the personnel and equipment must accompany the certification. BSEE will not allow you to operate a facility for more than 2 years without an approved plan.

(c) If you have a plan that BSEE already approved, you are not required to immediately rewrite the plan to comply with this part. You must, however, submit the information this regulation requires when submitting your first plan revision (see § 254.30) after the effective date of this rule. The Regional Supervisor may extend this deadline upon request.

§ 254.3 May I cover more than one facility in my response plan?

(a) Your response plan may be for a single lease or facility or a group of leases or facilities. All the leases or facilities in your plan must have the same owner or operator (including affiliates) and must be located in the same BSEE Region (see definition of Regional Response Plan in § 254.6).

(b) Regional Response Plans must address all the elements required for a response plan in Subpart B, *Oil Spill Response Plans for Outer Continental Shelf Facilities*, or Subpart D, *Oil Spill Response Requirements for Facilities Located in State Waters Seaward of the Coast Line*, as appropriate.

(c) When developing a Regional Response Plan, you may group leases or facilities subject to the approval of the Regional Supervisor for the purposes of:

(1) Calculating response times;

(2) Determining quantities of response equipment;

(3) Conducting oil-spill trajectory analyses;

(4) Determining worst case discharge scenarios; and

(5) Identifying areas of special economic and environmental importance that may be impacted and the strategies for their protection.

(d) The Regional Supervisor may specify how to address the elements of a Regional Response Plan. The Regional Supervisor also may require that Regional Response Plans contain additional information if necessary for compliance with appropriate laws and regulations.

§ 254.4 May I reference other documents in my response plan?

You may reference information contained in other readily accessible documents in your response plan. Examples of documents that you may reference are the National Contingency Plan (NCP), Area Contingency Plan (ACP), BSEE or BOEM environmental documents, and Oil Spill Removal Organization (OSRO) documents that are readily accessible to the Regional Supervisor. You must ensure that the Regional Supervisor possesses or is provided with copies of all OSRO documents you reference. You should contact the Regional Supervisor if you want to know whether a reference is acceptable.

§ 254.5 General response plan requirements.

(a) The response plan must provide for response to an oil spill from the facility. You must immediately carry out the provisions of the plan whenever there is a release of oil from the facility. You must also carry out the training, equipment testing, and periodic drills described in the plan, and these measures must be sufficient to ensure the safety of the facility and to mitigate or prevent a discharge or a substantial threat of a discharge.

(b) The plan must be consistent with the National Contingency Plan and the appropriate Area Contingency Plan(s).

(c) Nothing in this part relieves you from taking all appropriate actions necessary to immediately abate the source of a spill and remove any spills of oil.

(d) In addition to the requirements listed in this part, you must provide any other information the Regional Supervisor requires for compliance with appropriate laws and regulations.

§ 254.6 Definitions.

For the purposes of this part:

Adverse weather conditions mean weather conditions found in the operating area that make it difficult for response equipment and personnel to clean up or remove spilled oil or hazardous substances. These include, but are not limited to: Fog, inhospitable water and air temperatures, wind, sea ice, current, and sea states. It does not refer to conditions such as a hurricane, under which it would be dangerous or impossible to respond to a spill.

Area Contingency Plan means an Area Contingency Plan prepared and published under section 311(j) of the Federal Water Pollution Control Act (FWPCA).

Coast line means the line of ordinary low water along that portion of the coast which is in direct contact with the open sea and the line marking the seaward limit of inland waters.

Discharge means any emission (other than natural seepage), intentional or unintentional, and includes, but is not limited to, spilling, leaking, pumping, pouring, emitting, emptying, or dumping.

District Manager means the BSEE officer with authority and responsibility for a district within a BSEE Region.

Facility means any structure, group of structures, equipment, or device (other than a vessel) which is used for one or more of the following purposes: Exploring for, drilling for, producing, storing, handling, transferring, processing, or transporting oil. The term excludes deep-water ports and their associated pipelines as defined by the Deepwater Port Act of 1974, but includes other pipelines used for one or more of these purposes. A mobile offshore drilling unit is classified as a facility when engaged in drilling or downhole operations.

Maximum extent practicable means within the limitations of available technology, as well as the physical limitations of personnel, when responding to a worst case discharge in adverse weather conditions.

National Contingency Plan means the National Oil and Hazardous Substances Pollution Contingency Plan prepared and published under section 311(d) of the FWPCA, (33 U.S.C. 1321(d)) or revised under section 105 of the Comprehensive Environmental Response Compensation and Liability Act (42 U.S.C. 9605).

National Contingency Plan Product Schedule means a schedule of dispersants and other chemical or biological products, maintained by the Environmental Protection Agency, that may be authorized for use on oil discharges in accordance with the procedures found at 40 CFR 300.910.

Oil means oil of any kind or in any form, including but not limited to petroleum, fuel oil, sludge, oil refuse, and oil mixed with wastes other than dredged spoil. This also includes hydrocarbons produced at the wellhead in liquid form (includes distillates or condensate associated with produced natural gas), and condensate that has been separated from a gas prior to injection into a pipeline. It does not include petroleum, including crude oil or any fraction thereof, which is specifically listed or designated as a hazardous substance under paragraphs (A) through (F) of section 101(14) of the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. 9601) and which is subject to the provisions of that Act. It also does not include animal fats and oils and greases and fish and marine mammal oils, within the meaning of paragraph (2) of section 61(a) of title 13, United States Code, and oils of vegetable origin, including oils from the seeds, nuts, and kernels referred to in paragraph (1)(A) of that section.

Oil spill removal organization (OSRO) means an entity contracted by an owner or operator to provide spill-response equipment and/or manpower in the event of an oil or hazardous substance spill.

Outer Continental Shelf means all submerged lands lying seaward and outside of the area of lands beneath navigable waters as defined in section 2 of the Submerged Lands Act (43 U.S.C. 1301) and of which the subsoil and seabed appertain to the United States and are subject to its jurisdiction and control.

Owner or *operator* means, in the case of an offshore facility, any person owning or operating such offshore facility. In the case of any abandoned offshore

facility, it means the person who owned such facility immediately prior to such abandonment.

Pipeline means pipe and any associated equipment, appurtenance, or building used or intended for use in the transportation of oil located seaward of the coast line, except those used for deep-water ports. Pipelines do not include vessels such as barges or shuttle tankers used to transport oil from facilities located seaward of the coast line.

Qualified individual means an English-speaking representative of an owner or operator, located in the United States, available on a 24-hour basis, with full authority to obligate funds, carry out removal actions, and communicate with the appropriate Federal officials and the persons providing personnel and equipment in removal operations.

Regional Response Plan means a spill-response plan required by this part which covers multiple facilities or leases of an owner or operator, including affiliates, which are located in the same BSEE Region.

Regional Supervisor means the BSEE official with responsibility and authority for operations or other designated program functions within a BSEE Region.

Remove means containment and cleanup of oil from water and shorelines or the taking of other actions as may be necessary to minimize or mitigate damage to the public health or welfare, including, but not limited to, fish, shellfish, wildlife, public and private property, shorelines, and beaches.

Spill is synonymous with ''discharge'' for the purposes of this part.

Spill management team means the trained persons identified in a response plan who staff the organizational structure to manage spill response.

Spill-response coordinator means a trained person charged with the responsibility and designated the commensurate authority for directing and coordinating response operations.

Spill-response operating team means the trained persons who respond to spills through deployment and operation of oil-spill response equipment.

State waters located seaward of the coast line means the belt of the seas measured from the coast line and extending seaward a distance of 3 miles (except the coast of Texas and the Gulf coast of Florida, where the State waters extend seaward a distance of 3 leagues).

You means the owner or the operator as defined in this section.

§ 254.7 How do I submit my response plan to the BSEE?

You must submit the number of copies of your response plan that the appropriate BSEE regional office requires. If you prefer to use improved information technology such as electronic filing to submit your plan, ask the Regional Supervisor for further guidance.

(a) Send plans for facilities located seaward of the coast line of Alaska to: Bureau of Safety and Environmental Enforcement, Regional Supervisor, Field Operations, Alaska OCS Region, 3801 Centerpoint Drive, Suite #500, Anchorage, AK 99503–5823.

(b) Send plans for facilities in the Gulf of Mexico or Atlantic Ocean to: Bureau of Safety and Environmental Enforcement, Regional Supervisor, Field Operations, Gulf of Mexico OCS Region, 1201 Elmwood Park Boulevard, New Orleans, LA 70123–2394.

(c) Send plans for facilities in the Pacific Ocean (except seaward of the coast line of Alaska) to: Bureau of Safety and Environmental Enforcement, Regional Supervisor, Office of Development Operations and Safety, Pacific OCS Region, 770 Paseo Camarillo, Camarillo, CA 93010–6064.

§ 254.8 May I appeal decisions under this part?

See 30 CFR part 290 for instructions on how to appeal any order or decision that we issue under this part.

§ 254.9 Authority for information collection.

(a) The Office of Management and Budget (OMB) has approved the information collection requirements in this part under 44 U.S.C. 3501 *et seq.* OMB assigned the control number 1010–0091. The title of this information collection is ''30 CFR part 254, Oil Spill Response Requirements for Facilities Located Seaward of the Coast line.''

(b) BSEE collects this information to ensure that the owner or operator of an offshore facility is prepared to respond to an oil spill. BSEE uses the information to verify compliance with the mandates of the Oil Pollution Act of 1990 (OPA). The requirement to submit this information is mandatory. No confidential or proprietary information is collected.

(c) An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

(d) Send comments regarding any aspect of the collection of information under this part, including suggestions for reducing the burden, to the Information Collection Clearance Officer, Bureau of Safety and Environmental Enforcement, 381 Elden Street, Herndon, VA 20170.

Subpart B—Oil-Spill Response Plans for Outer Continental Shelf Facilities

§ 254.20 Purpose.

This subpart describes the requirements for preparing spill-response plans for facilities located on the OCS.

§ 254.21 How must I format my response plan?

(a) You must divide your response plan for OCS facilities into the sections specified in paragraph (b) of this section and explained in the other sections of this subpart. The plan must have an easily found marker identifying each section. You may use an alternate format if you include a cross-reference table to identify the location of required sections. You may use alternate contents if you can demonstrate to the Regional Supervisor that they provide for equal or greater levels of preparedness.

(b) Your plan must include:

(1) Introduction and plan contents.

(2) Emergency response action plan.

(3) Appendices:

(i) Equipment inventory.

(ii) Contractual agreements.

(iii) Worst case discharge scenario.

(iv) Dispersant use plan.

(v) In situ burning plan.

(vi) Training and drills.

§ 254.22 What information must I include in the "Introduction and plan contents" section?

The ''Introduction and plan contents'' section must provide:

(a) Identification of the facility the plan covers, including its location and type;

(b) A table of contents;

(c) A record of changes made to the plan; and

(d) A cross-reference table, if needed, because you are using an alternate format for your plan.

§ 254.23 What information must I include in the "Emergency response action plan" section?

The ''Emergency response action plan'' section is the core of the response plan. Put information in easy-to-use formats such as flow charts or tables where appropriate. This section must include:

(a) Designation, by name or position, of a trained qualified individual (QI) who has full authority to implement removal actions and ensure immediate notification of appropriate Federal officials and response personnel.

(b) Designation, by name or position, of a trained spill management team available on a 24-hour basis. The team must include a trained spill-response coordinator and alternate(s) who have the responsibility and authority to direct and coordinate response operations on your behalf. You must describe the team's organizational structure as well as the responsibilities and authorities of each position on the spill management team.

(c) Description of a spill-response operating team. Team members must be trained and available on a 24-hour basis to deploy and operate spill-response equipment. They must be able to respond within a reasonable minimum specified time. You must include the number and types of personnel available from each identified labor source.

(d) A planned location for a spill-response operations center and provisions for primary and alternate communications systems available for use in coordinating and directing spill-response operations. You must provide telephone numbers for the response operations center. You also must provide

any facsimile numbers and primary and secondary radio frequencies that will be used.

(e) A listing of the types and characteristics of the oil handled, stored, or transported at the facility.

(f) Procedures for the early detection of a spill.

(g) Identification of procedures you will follow in the event of a spill or a substantial threat of a spill. The procedures should show appropriate response levels for differing spill sizes including those resulting from a fire or explosion. These will include, as appropriate:

(1) Your procedures for spill notification. The plan must provide for the use of the oil spill reporting forms included in the Area Contingency Plan or an equivalent reporting form.

(i) Your procedures must include a current list which identifies the following by name or position, corporate address, and telephone number (including facsimile number if applicable):

(A) The qualified individual;

(B) The spill-response coordinator and alternate(s); and

(C) Other spill-response management team members.

(ii) You must also provide names, telephone numbers, and addresses for the following:

(A) OSRO's that the plan cites;

(B) Federal, State, and local regulatory agencies that you must consult to obtain site specific environmental information; and

(C) Federal, State, and local regulatory agencies that you must notify when an oil spill occurs.

(2) Your methods to monitor and predict spill movement;

(3) Your methods to identify and prioritize the beaches, waterfowl, other marine and shoreline resources, and areas of special economic and environmental importance;

(4) Your methods to protect beaches, waterfowl, other marine and shoreline resources, and areas of special economic or environmental importance;

(5) Your methods to ensure that containment and recovery equipment as well as the response personnel are mobilized and deployed at the spill site;

(6) Your methods to ensure that devices for the storage of recovered oil are sufficient to allow containment and recovery operations to continue without interruption;

(7) Your procedures to remove oil and oiled debris from shallow waters and along shorelines and rehabilitating waterfowl which become oiled;

(8) Your procedures to store, transfer, and dispose of recovered oil and oil-contaminated materials and to ensure that all disposal is in accordance with Federal, State, and local requirements; and

(9) Your methods to implement your dispersant use plan and your in situ burning plan.

§ 254.24 What information must I include in the "Equipment inventory" appendix?

Your ''Equipment inventory appendix'' must include:

(a) An inventory of spill-response materials and supplies, services, equipment, and response vessels available locally and regionally. You must identify each supplier and provide their locations and telephone numbers.

(b) A description of the procedures for inspecting and maintaining spill-response equipment in accordance with § 254.43.

§ 254.25 What information must I include in the "Contractual agreements" appendix?

Your ''Contractual agreements'' appendix must furnish proof of any contracts or membership agreements with OSRO's, cooperatives, spill-response service providers, or spill management team members who are not your employees that you cite in the plan. To provide this proof, submit copies of the contracts or membership agreements or certify that contracts or membership agreements are in effect. The contract or membership agreement must include provisions for ensuring the availability of the personnel and/or equipment on a 24-hour-per-day basis.

§ 254.26 What information must I include in the "Worst case discharge scenario" appendix?

The discussion of your worst case discharge scenario must include all of the following elements:

(a) The volume of your worst case discharge scenario determined using

the criteria in § 254.47. Provide any assumptions made and the supporting calculations used to determine this volume.

(b) An appropriate trajectory analysis specific to the area in which the facility is located. The analysis must identify onshore and offshore areas that a discharge potentially could affect. The trajectory analysis chosen must reflect the maximum distance from the facility that oil could move in a time period that it reasonably could be expected to persist in the environment.

(c) A list of the resources of special economic or environmental importance that potentially could be impacted in the areas identified by your trajectory analysis. You also must state the strategies that you will use for their protection. At a minimum, this list must include those resources of special economic and environmental importance, if any, specified in the appropriate Area Contingency Plan(s).

(d) A discussion of your response to your worst case discharge scenario in adverse weather conditions. This discussion must include:

(1) A description of the response equipment that you will use to contain and recover the discharge to the maximum extent practicable. This description must include the types, location(s) and owner, quantity, and capabilities of the equipment. You also must include the effective daily recovery capacities, where applicable. You must calculate the effective daily recovery capacities using the methods described in § 254.44. For operations at a drilling or production facility, your scenario must show how you will cope with the initial spill volume upon arrival at the scene and then support operations for a blowout lasting 30 days.

(2) A description of the personnel, materials, and support vessels that would be necessary to ensure that the identified response equipment is deployed and operated promptly and effectively. Your description must include the location and owner of these resources as well as the quantities and types (if applicable);

(3) A description of your oil storage, transfer, and disposal equipment. Your description must include the types, location and owner, quantity, and capacities of the equipment; and

(4) An estimation of the individual times needed for:

(i) Procurement of the identified containment, recovery, and storage equipment;

(ii) Procurement of equipment transportation vessel(s);

(iii) Procurement of personnel to load and operate the equipment;

(iv) Equipment loadout (transfer of equipment to transportation vessel(s));

(v) Travel to the deployment site (including any time required for travel from an equipment storage area); and

(vi) Equipment deployment.

(e) In preparing the discussion required by paragraph (d) of this section, you must:

(1) Ensure that the response equipment, materials, support vessels, and strategies listed are suitable, within the limits of current technology, for the range of environmental conditions anticipated at your facility; and

(2) Use standardized, defined terms to describe the range of environmental conditions anticipated and the capabilities of response equipment. Examples of acceptable terms include those defined in American Society for Testing of Materials (ASTM) publication F625–94, *Standard Practice for Describing Environmental Conditions Relevant to Spill Control Systems for Use on Water*, and ASTM F818–93, *Standard Definitions Relating to Spill Response Barriers*.

§ 254.27 What information must I include in the "Dispersant use plan" appendix?

Your dispersant use plan must be consistent with the National Contingency Plan Product Schedule and other provisions of the National Contingency Plan and the appropriate Area Contingency Plan(s). The plan must include:

(a) An inventory and a location of the dispersants and other chemical or biological products which you might use on the oils handled, stored, or transported at the facility;

(b) A summary of toxicity data for these products;

(c) A description and a location of any application equipment required as

well as an estimate of the time to commence application after approval is obtained;

(d) A discussion of the application procedures;

(e) A discussion of the conditions under which product use may be requested; and

(f) An outline of the procedures you must follow in obtaining approval for product use.

§ 254.28 What information must I include in the "In situ burning plan" appendix?

Your in situ burning plan must be consistent with any guidelines authorized by the National Contingency Plan and the appropriate Area Contingency Plan(s). Your in situ burning plan must include:

(a) A description of the in situ burn equipment including its availability, location, and owner;

(b) A discussion of your in situ burning procedures, including provisions for ignition of an oil spill;

(c) A discussion of environmental effects of an in situ burn;

(d) Your guidelines for well control and safety of personnel and property;

(e) A discussion of the circumstances in which in situ burning may be appropriate;

(f) Your guidelines for making the decision to ignite; and

(g) An outline of the procedures you must follow to obtain approval for an in situ burn.

§ 254.29 What information must I include in the "Training and drills" appendix?

Your ''Training and drills'' appendix must:

(a) Identify and include the dates of the training provided to members of the spill-response management team and the qualified individual. The types of training given to the members of the spill-response operating team also must be described. The training requirements for your spill management team and your spill-response operating team are specified in § 254.41. You must designate a location where you keep course completion certificates or attendance records for this training.

(b) Describe in detail your plans for satisfying the exercise requirements of § 254.42. You must designate a location where you keep the records of these exercises.

§ 254.30 When must I revise my response plan?

(a) You must review your response plan at least every 2 years and submit all resulting modifications to the Regional Supervisor. If this review does not result in modifications, you must inform the Regional Supervisor in writing that there are no changes.

(b) You must submit revisions to your plan for approval within 15 days whenever:

(1) A change occurs which significantly reduces your response capabilities;

(2) A significant change occurs in the worst case discharge scenario or in the type of oil being handled, stored, or transported at the facility;

(3) There is a change in the name(s) or capabilities of the oil spill removal organizations cited in the plan; or

(4) There is a significant change to the Area Contingency Plan(s).

(c) The Regional Supervisor may require that you resubmit your plan if the plan has become outdated or if numerous revisions have made its use difficult.

(d) The Regional Supervisor will periodically review the equipment inventories of OSRO's to ensure that sufficient spill removal equipment is available to meet the cumulative needs of the owners and operators who cite these organizations in their plans.

(e) The Regional Supervisor may require you to revise your plan if significant inadequacies are indicated by:

(1) Periodic reviews (described in paragraph (d) of this section);

(2) Information obtained during drills or actual spill responses; or

(3) Other relevant information the Regional Supervisor obtained.

Subpart C—Related Requirements for Outer Continental Shelf Facilities

§ 254.40 Records.

You must make all records of services, personnel, and equipment provided by OSRO's or cooperatives available to any authorized BSEE representative upon request.

§ 254.41 Training your response personnel.

(a) You must ensure that the members of your spill-response operating team who are responsible for operating response equipment attend hands-on training classes at least annually. This training must include the deployment and operation of the response equipment they will use. Those responsible for supervising the team must be trained annually in directing the deployment and use of the response equipment.

(b) You must ensure that the spill-response management team, including the spill-response coordinator and alternates, receives annual training. This training must include instruction on:

(1) Locations, intended use, deployment strategies, and the operational and logistical requirements of response equipment;

(2) Spill reporting procedures;

(3) Oil-spill trajectory analysis and predicting spill movement; and

(4) Any other responsibilities the spill management team may have.

(c) You must ensure that the qualified individual is sufficiently trained to perform his or her duties.

(d) You must keep all training certificates and training attendance records at the location designated in your response plan for at least 2 years. They must be made available to any authorized BSEE representative upon request.

§ 254.42 Exercises for your response personnel and equipment.

(a) You must exercise your entire response plan at least once every 3 years (triennial exercise). You may satisfy this requirement by conducting separate exercises for individual parts of the plan over the 3-year period; you do not have to exercise your entire response plan at one time.

(b) In satisfying the triennial exercise requirement, you must, at a minimum, conduct:

(1) An annual spill management team tabletop exercise. The exercise must test the spill management team's organization, communication, and decision making in managing a response. You must not reveal the spill scenario to team members before the exercise starts.

(2) An annual deployment exercise of response equipment identified in your plan that is staged at onshore locations. You must deploy and operate each type of equipment in each triennial period. However, it is not necessary to deploy and operate each individual piece of equipment.

(3) An annual notification exercise for each facility that is manned on a 24- hour basis. The exercise must test the ability of facility personnel to communicate pertinent information in a timely manner to the qualified individual.

(4) A semiannual deployment exercise of any response equipment which the BSEE Regional Supervisor requires an owner or operator to maintain at the facility or on dedicated vessels. You must deploy and operate each type of this equipment at least once each year. Each type need not be deployed and operated at each exercise.

(c) During your exercises, you must simulate conditions in the area of operations, including seasonal weather variations, to the extent practicable. The exercises must cover a range of scenarios over the 3-year exercise period, simulating responses to large continuous spills, spills of short duration and limited volume, and your worst case discharge scenario.

(d) BSEE will recognize and give credit for any documented exercise conducted that satisfies some part of the required triennial exercise. You will receive this credit whether the owner or operator, an OSRO, or a Government regulatory agency initiates the exercise. BSEE will give you credit for an actual spill response if you evaluate the response and generate a proper record. Exercise documentation

should include the following information:

(1) Type of exercise;

(2) Date and time of the exercise;

(3) Description of the exercise;

(4) Objectives met; and

(5) Lessons learned.

(e) All records of spill-response exercises must be maintained for the complete 3-year exercise cycle. Records should be maintained at the facility or at a corporate location designated in the plan. Records showing that OSRO's and oil spill removal cooperatives have deployed each type of equipment also must be maintained for the 3-year cycle.

(f) You must inform the Regional Supervisor of the date of any exercise required by paragraph (b)(1), (2), or (4) of this section at least 30 days before the exercise. This will allow BSEE personnel the opportunity to witness any exercises.

(g) The Regional Supervisor periodically will initiate unannounced drills to test the spill response preparedness of owners and operators.

(h) The Regional Supervisor may require changes in the frequency or location of the required exercises, equipment to be deployed and operated, or deployment procedures or strategies. The Regional Supervisor may evaluate the results of the exercises and advise the owner or operator of any needed changes in response equipment, procedures, or strategies.

(i) Compliance with the National Preparedness for Response Exercise Program (PREP) Guidelines will satisfy the exercise requirements of this section. Copies of the PREP document may be obtained from the Regional Supervisor.

§ 254.43 Maintenance and periodic inspection of response equipment.

(a) You must ensure that the response equipment listed in your response plan is inspected at least monthly and is maintained, as necessary, to ensure optimal performance.

(b) You must ensure that records of the inspections and the maintenance activities are kept for at least 2 years and are made available to any authorized BSEE representative upon request.

§ 254.44 Calculating response equipment effective daily recovery capacities.

(a) You are required by § 254.26(d)(1) to calculate the effective daily recovery capacity of the response equipment identified in your response plan that you would use to contain and recover your worst case discharge. You must calculate the effective daily recovery capacity of the equipment by multiplying the manufacturer's rated throughput capacity over a 24-hour period by 20 percent. This 20 percent efficiency factor takes into account the limitations of the recovery operations due to available daylight, sea state, temperature, viscosity, and emulsification of the oil being recovered. You must use this calculated rate to determine if you have sufficient recovery capacity to respond to your worst case discharge scenario.

(b) If you want to use a different efficiency factor for specific oil recovery devices, you must submit evidence to substantiate that efficiency factor. Adequate evidence includes verified performance data measured during actual spills or test data gathered according to the provisions of § 254.45(b) and (c).

§ 254.45 Verifying the capabilities of your response equipment.

(a) The Regional Supervisor may require performance testing of any spill-response equipment listed in your response plan to verify its capabilities if the equipment:

(1) Has been modified;

(2) Has been damaged and repaired; or

(3) Has a claimed effective daily recovery capacity that is inconsistent with data otherwise available to BSEE.

(b) You must conduct any required performance testing of booms in accordance with BSEE-approved test criteria. You may use the document ''Test Protocol for the Evaluation of Oil-Spill Containment Booms,'' available from BSEE, for guidance. Performance testing of skimmers also must be conducted in accordance with BSEE approved test criteria. You may use the document ''Suggested Test Protocol for the Evaluation of Oil Spill Skimmers for the OCS,'' available from BSEE, for guidance.

(c) You are responsible for any required testing of equipment performance and for the accuracy of the information submitted.

§ 254.46 Whom do I notify if an oil spill occurs?

(a) You must immediately notify the National Response Center (1–800–424–8802) if you observe:

(1) An oil spill from your facility;

(2) An oil spill from another offshore facility; or

(3) An offshore spill of unknown origin.

(b) In the event of a spill of 1 barrel or more from your facility, you must orally notify the Regional Supervisor without delay. You also must report spills from your facility of unknown size but thought to be 1 barrel or more.

(1) If a spill from your facility not originally reported to the Regional Supervisor is subsequently found to be 1 barrel or more, you must then report it without delay.

(2) You must file a written follow up report for any spill from your facility of 1 barrel or more. The Regional Supervisor must receive this confirmation within 15 days after the spillage has been stopped. All reports must include the cause, location, volume, and remedial action taken. Reports of spills of more than 50 barrels must include information on the sea state, meteorological conditions, and the size and appearance of the slick. The Regional Supervisor may require additional information if it is determined that an analysis of the response is necessary.

(c) If you observe a spill resulting from operations at another offshore facility, you must immediately notify the responsible party and the Regional Supervisor.

§ 254.47 Determining the volume of oil of your worst case discharge scenario.

You must calculate the volume of oil of your worst case discharge scenario as follows:

(a) For an oil production platform facility, the size of your worst case discharge scenario is the sum of the following:

(1) The maximum capacity of all oil storage tanks and flow lines on the facility. Flow line volume may be estimated; and

(2) The volume of oil calculated to leak from a break in any pipelines connected to the facility considering shutdown time, the effect of hydrostatic pressure, gravity, frictional wall forces and other factors; and

(3) The daily production volume from an uncontrolled blowout of the highest capacity well associated with the facility. In determining the daily discharge rate, you must consider reservoir characteristics, casing/production tubing sizes, and historical production and reservoir pressure data. Your scenario must discuss how to respond to this well flowing for 30 days as required by § 254.26(d)(1).

(b) For exploratory or development drilling operations, the size of your worst case discharge scenario is the daily volume possible from an uncontrolled blowout. In determining the daily discharge rate, you must consider any known reservoir characteristics. If reservoir characteristics are unknown, you must consider the characteristics of any analog reservoirs from the area and give an explanation for the selection of the reservoir(s) used. Your scenario must discuss how to respond to this well flowing for 30 days as required by § 254.26(d)(1).

(c) For a pipeline facility, the size of your worst case discharge scenario is the volume possible from a pipeline break. You must calculate this volume as follows:

(1) Add the pipeline system leak detection time to the shutdown response time.

(2) Multiply the time calculated in paragraph (c)(1) of this section by the highest measured oil flow rate over the preceding 12-month period. For new pipelines, you should use the predicted oil flow rate in the calculation.

(3) Add to the volume calculated in paragraph (c)(2) of this section the total volume of oil that would leak from the pipeline after it is shut in. Calculate this volume by taking into account the effects of hydrostatic pressure, gravity, frictional wall forces, length of pipeline segment, tie-ins with other pipelines, and other factors.

(d) If your facility which stores, handles, transfers, processes, or transports oil does not fall into the categories listed in paragraph (a), (b), or (c) of this section, contact the Regional Supervisor for instructions on the calculation of the volume of your worst case discharge scenario.

Subpart D—Oil-Spill Response Requirements for Facilities Located in State Waters Seaward of the Coast Line

§ 254.50 Spill response plans for facilities located in State waters seaward of the coast line.

Owners or operators of facilities located in State waters seaward of the coast line must submit a spill-response plan to BSEE for approval. You may choose one of three methods to comply with this requirement. The three methods are described in §§ 254.51, 254.52, and 254.53.

§ 254.51 Modifying an existing OCS response plan.

You may modify an existing response plan covering a lease or facility on the OCS to include a lease or facility in State waters located seaward of the coast line. Since this plan would cover more than one lease or facility, it would be considered a Regional Response Plan. You should refer to § 254.3 and contact the appropriate regional BSEE office if you have any questions on how to prepare this Regional Response Plan.

§ 254.52 Following the format for an OCS response plan.

You may develop a response plan following the requirements for plans for OCS facilities found in subpart B of this part.

§ 254.53 Submitting a response plan developed under State requirements.

(a) You may submit a response plan to BSEE for approval that you developed in accordance with the laws or regulations of the appropriate State. The plan must contain all the elements the State and OPA require and must:

(1) Be consistent with the requirements of the National Contingency Plan and appropriate Area Contingency Plan(s).

(2) Identify a qualified individual and require immediate communication between that person and appropriate Federal officials and response personnel if there is a spill.

(3) Identify any private personnel and equipment necessary to remove, to the maximum extent practicable, a worst case discharge as defined in § 254.47. The plan must provide proof of contractual services or other evidence of a contractual agreement with any OSRO's or spill management team members who are not employees of the owner or operator.

(4) Describe the training, equipment testing, periodic unannounced drills, and response actions of personnel at the facility. These must ensure both the safety of the facility and the mitigation or prevention of a discharge or the substantial threat of a discharge.

(5) Describe the procedures you will use to periodically update and resubmit the plan for approval of each significant change.

(b) Your plan developed under State requirements also must include the following information:

(1) A list of the facilities and leases the plan covers and a map showing their location;

(2) A list of the types of oil handled, stored, or transported at the facility;

(3) Name and address of the State agency to whom the plan was submitted;

(4) Date you submitted the plan to the State;

(5) If the plan received formal approval, the name of the approving organization, the date of approval, and a copy of the State agency's approval letter if one was issued; and

(6) Identification of any regulations or standards used in preparing the plan.

§ 254.54 Spill prevention for facilities located in State waters seaward of the coast line.

In addition to your response plan, you must submit to the Regional Supervisor a description of the steps you are taking to prevent spills of oil or mitigate a substantial threat of such a discharge. You must identify all State

or Federal safety or pollution prevention requirements that apply to the prevention of oil spills from your facility, and demonstrate your compliance with these requirements. You also should include a description of industry safety and pollution prevention standards your facility meets. The Regional Supervisor may prescribe additional equipment or procedures for spill prevention if it is determined that your efforts to prevent spills do not reflect good industry practices.

PART 256—LEASING OF SULPHUR OR OIL AND GAS IN THE OUTER CONTINENTAL SHELF

Subpart A—Outer Continental Shelf Oil, Gas, and Sulphur Management, General

Sec.
256.0 [Reserved]
256.1 Purpose.
256.2–256.5 [Reserved]
256.7 Cross references.
256.8–256.12 [Reserved]

Subpart B—Oil and Gas Leasing Program [Reserved]

Subpart C—Reports From Federal Agencies [Reserved]

Subpart D—Call for Information and Nominations [Reserved]

Subpart E—Area and Identification and Tract Size [Reserved]

Subpart F—Lease Sales [Reserved]

Subpart G—Issuance of Leases [Reserved]

Subpart H—Rentals and Royalties [Reserved]

Subpart I—Bonding [Reserved]

Subpart J—Assignments, Transfers, and Extensions

256.62–256.68 [Reserved]
256.70 Extension of lease by drilling or well reworking operations.
256.71 Directional drilling.
256.72 Compensatory payments as production.
256.73 Effect of suspensions on lease term.

Subpart K—Termination of Leases

256.76 [Reserved]
256.77 Cancellation of leases.

Subpart L—Section 6 Leases

256.79 Effect of regulations on lease.
256.80 [Reserved]

Subpart M—Studies [Reserved]

Subpart N—Bonus or Royalty Credits for Exchange of Certain Leases Offshore Florida [Reserved]

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SOURCE: 76 FR 64462, Oct. 18, 2011 unless otherwise noted.

Subpart A—Outer Continental Shelf Oil, Gas, and Sulphur Management, General

§ 256.0 [Reserved]

§ 256.1 Purpose.

The purpose of the regulations in 30 CFR part 256 is to establish the procedures under which the Secretary of the Interior (Secretary) will exercise the authority to administer a leasing program for oil, gas and sulphur. The procedures under which the Secretary will exercise the authority to administer a program to grant rights-of-way, are addressed in part 250, Subpart J.

§§ 256.2–256.5 [Reserved]

§ 256.7 Cross references.

(a) For Bureau of Safety and Environmental Enforcement (BSEE) regulations governing exploration, development and production on leases, see 30 CFR parts 250 and 270.

(b) For BSEE regulations governing the appeal of an order or decision issued under the regulations in this part, see 30 CFR part 290.

(c) For multiple use conflicts, see the Environmental Protection Agency listing of ocean dumping sites—40 CFR part 228.

(d) For related National Oceanic and Atmospheric Administration programs see:

(1) Marine sanctuary regulations, 15 CFR part 922;

(2) Fishermen's Contingency Fund, 50 CFR part 296;

(3) Coastal Energy Impact Program, 15 CFR part 931;

(e) For Coast Guard regulations on the oil spill liability of vessels and operators, see 33 CFR parts 132, 135, and 136.

(f) For Coast Guard regulations on port access routes, see 33 CFR part 164.

(g) For compliance with the National Environmental Policy Act, see 40 CFR parts 1500 through 1508.

(h) For Department of Transportation regulations on offshore pipeline facilities, see 49 CFR part 195.

(i) For Department of Defense regulations on military activities on offshore areas, see 32 CFR part 252.

§§ 256.8–256.12 [Reserved]

Subpart B—Oil and Gas Leasing Program [Reserved]

Subpart C—Reports From Federal Agencies [Reserved]

Subpart D—Call for Information and Nominations [Reserved]

Subpart E—Area and Identification and Tract Size [Reserved]

Subpart F—Lease Sales [Reserved]

Subpart H—Rentals and Royalties [Reserved]

Subpart I—Bonding [Reserved]

Subpart J—Assignments, Transfers, and Extensions

§§ 256.62–256.68 [Reserved]

§ 256.70 Extension of lease by drilling or well reworking operations.

The term of a lease shall be extended beyond the primary term so long as drilling or well reworking operations are approved by the Secretary according to the conditions set forth in 30 CFR 250.180.

§ 256.71 Directional drilling.

In accordance with a BOEM-approved exploration plan or development and production plan, a lease may be maintained in force by directional wells drilled under the leased area from surface locations on adjacent or adjoining land not covered by the lease. In such circumstances, drilling shall be considered to have commenced on the leased area when drilling is commenced on the adjacent or adjoining land for the purpose of directional drilling under the leased area through any directional well surfaced on adjacent or adjoining land. Production, drilling or reworking of any such directional well shall be considered production or drilling or reworking operations on the leased area for all purposes of the lease.

§ 256.72 Compensatory payments as production.

If an oil and gas lessee makes compensatory payments and if the lease is not being maintained in force by other production of oil or gas in paying quantities or by other approved drilling or reworking operations, such payments shall be considered as the equivalent of production in paying quantities for all purposes of the lease.

§ 256.73 Effect of suspensions on lease term.

(a) A suspension may extend the term of a lease (see 30 CFR 250.171) with the extension being the length of time the suspension is in effect except as provided in paragraph (b) of this section.

(b) A Directed Suspension does not extend the lease term when the Regional Supervisor directs a suspension because of:

(1) Gross negligence; or

(2) A willful violation of a provision of the lease or governing regulations.

(c) BSEE may issue suspensions for a period of up to 5 years per suspension. The Regional Supervisor will set the length of the suspension based on the conditions of the individual case involved. BSEE may grant consecutive suspensions. For more information on suspension of operations or production refer to the section under the heading ''Suspensions'' in 30 CFR part 250, subpart A.

Subpart K—Termination of Leases

§ 256.76 [Reserved]

§ 256.77 Cancellation of leases.

(a) Any nonproducing lease issued under the act may be cancelled by the authorized officer whenever the lessee fails to comply with any provision of the act or lease or applicable regulations, if such failure to comply continues for 30 days after mailing of notice by registered or certified letter to the lease owner at the owner's record post office address. Any such cancellation is subject to judicial review as provided in section 23(b) of the Act.

(b) Producing leases issued under the Act may be cancelled by the Secretary whenever the lessee fails to comply with any provision of the Act, applicable regulations or the lease only after judicial proceedings as prescribed by section 5(d) of the Act.

(c) Any lease issued under the Act, whether producing or not, shall be canceled by the authorized officer upon proof that it was obtained by fraud or misrepresentation, and after notice and opportunity to be heard has been afforded to the lessee.

(d) Pursuant to section 5(a) of the Act, the Secretary may cancel a lease when:

(1) Continued activity pursuant to such lease would probably cause serious harm or damage to life, property, any mineral, National security or defense, or to the marine, coastal or human environment;

(2) The threat of harm or damage will not disappear or decrease to an acceptable extent within a reasonable period of time; and

(3) The advantages of cancellation outweigh the advantages of continuing such lease or permit in force. Procedures and conditions contained in § 550.182 shall apply as appropriate.

Subpart L—Section 6 Leases

§ 256.79 Effect of regulations on lease.

(a) All regulations in this part, insofar as they are applicable, shall supersede the provisions of any lease which is maintained under section 6(a) of the Act. However, the provisions of a lease relating to area, minerals, rentals, royalties (subject to sections 6(a) (8) and (9) of the Act), and term (subject to section 6(a)(10) of the Act and, as to sulfur, subject to section 6(b)(2) of the Act) shall continue in effect, and, in the event of any conflict or inconsistency, shall take precedence over these regulations.

(b) A lease maintained under section 6(a) of the Act shall also be subject to all operating and conservation regulations applicable to the OCS. In addition, the regulations relating to geophysical and geological exploratory operations and to pipeline rights-of-way are applicable, to the extent that those regulations are not contrary to or inconsistent with the lease provisions relating to area, the minerals, rentals, royalties and term. The lessee shall comply with any provision of the lease as validated, the subject matter of which is not covered in the regulations in this part.

§ 256.80 [Reserved]

Subpart M—Studies [Reserved]

Subpart N—Bonus or Royalty Credits for Exchange of Certain Leases Offshore Florida [Reserved]

PARTS 259–260 [RESERVED]

PART 270—NONDISCRIMINATION IN THE OUTER CONTINENTAL SHELF

Sec.
270.1 Purpose.
270.2 Application of this part.
270.3 Definitions.
270.4 Discrimination prohibited.
270.5 Complaint.
270.6 Process.
270.7 Remedies.

AUTHORITY: 43 U.S.C. 1863.

SOURCE: 76 FR 64462, Oct. 18, 2011 unless otherwise noted.

§ 270.1 Purpose.

The purpose of this part is to implement the provisions of section 604 of the OCSLA of 1978 which provides that ''no person shall, on the grounds of race, creed, color, national origin, or

sex, be excluded from receiving or participating in any activity, sale, or employment, conducted pursuant to the provisions of * * * the Outer Continental Shelf Lands Act.''

§ 270.2 Application of this part.

This part applies to any contract or subcontract entered into by a lessee or by a contractor or subcontractor of a lessee after the effective date of these regulations to provide goods, services, facilities, or property in an amount of $10,000 or more in connection with any activity related to the exploration for or development and production of oil, gas, or other minerals or materials in the OCS under the Act.

§ 270.3 Definitions.

As used in this part, the following terms shall have the following meanings:

Contract means any business agreement or arrangement (in which the parties do not stand in the relationship of employer and employee) between a lessee and any person which creates an obligation to provide goods, services, facilities, or property.

Lessee means the party authorized by a lease, grant of right-of-way, or an approved assignment thereof to explore, develop, produce, or transport oil, gas, or other minerals or materials in the OCS pursuant to the Act and this part.

Person means a person or company, including but not limited to, a corporation, partnership, association, joint stock venture, trust, mutual fund, or any receiver, trustee in bankruptcy, or other official acting in a similar capacity for such company.

Subcontract means any business agreement or arrangement (in which the parties do not stand in the relationship of employer and employee) between a lessee's contractor and any person other than a lessee that is in any way related to the performance of any one or more contracts.

§ 270.4 Discrimination prohibited.

No contract or subcontract to which this part applies shall be denied to or withheld from any person on the grounds of race, creed, color, national origin, or sex.

§ 270.5 Complaint.

(a) Whenever any person believes that he or she has been denied a contract or subcontract to which this part applies on the grounds of race, creed, color, national origin, or sex, such person may complain of such denial or withholding to the Regional Director of the OCS Region in which such action is alleged to have occurred. Any complaint filed under this part must be submitted in writing to the appropriate Regional Director not later than 180 days after the date of the alleged unlawful denial of a contract or subcontract which is the basis of the complaint.

(b) The complaint referred to in paragraph (a) of this section shall be accompanied by such evidence as may be available to a person and which is relevant to the complaint including affidavits and other documents.

(c) Whenever any person files a complaint under this part, the Regional Director with whom such complaint is filed shall give written notice of such filing to all persons cited in the complaint no later than 10 days after receipt of such complaint. Such notice shall include a statement describing the alleged incident of discrimination, including the date and the names of persons involved in it.

§ 270.6 Process.

Whenever a Regional Director determines on the basis of any information, including that which may be obtained under § 270.5 of this part, that a violation of or failure to comply with any provision of this subpart probably occurred, the Regional director shall undertake to afford the complainant and the person(s) alleged to have violated the provisions of this part an opportunity to engage in informal consultations, meetings, or any other form of communications for the purpose of resolving the complaint. In the event such communications or consultations result in a mutually satisfactory resolution of the complaint, the complainant and all persons cited in the complaint shall notify the Regional Director in writing of their agreement to such resolution. If either the complainant or the person(s) alleged to have

wrongfully discriminated fail to provide such written notice within a reasonable period of time, the Regional Director must proceed in accordance with the provisions of 30 CFR 250, subpart N.

§ 270.7 Remedies.

In addition to the penalties available under 30 CFR part 250, subpart N, the Director may invoke any other remedies available to him or her under the Act or regulations for the lessee's failure to comply with provisions of the Act, regulations, or lease.

PART 280—PROSPECTING FOR MINERALS OTHER THAN OIL, GAS, AND SULPHUR ON THE OUTER CONTINENTAL SHELF

Subparts A–B [Reserved]

Subpart C—Obligations Under This Part

INTERRUPTED ACTIVITIES

Sec.
280.20–280.24 [Reserved]
280.25 When may BSEE require me to stop activities under this part?
280.26 When may I resume activities?
280.27 When may BSEE cancel my permit?
280.28 May I relinquish my permit?

Subparts D–E [Reserved]

AUTHORITY: 43 U.S.C. 1334.

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Subparts A–B [Reserved]

Subpart C—Obligations Under This Part

INTERRUPTED ACTIVITIES

§§ 280.20–280.24 [Reserved]

§ 280.25 When may BSEE require me to stop activities under this part?

(a) We may temporarily stop prospecting or scientific research activities under a permit when the Regional Director determines that:

(1) Activities pose a threat of serious, irreparable, or immediate harm. This includes damage to life (including fish and other aquatic life), property, and any minerals (in areas leased or not leased), to the marine, coastal, or human environment, or to an archaeological resource;

(2) You failed to comply with any applicable law, regulation, order or provision of the permit. This would include our required submission of reports, well records or logs, and G&G data and information within the time specified; or

(3) Stopping the activities is in the interest of National security or defense.

(b) The Regional Director will advise you either orally or in writing of the procedures to temporarily stop activities. We will confirm an oral notification in writing and deliver all written notifications by courier or certified/registered mail. You must stop all activities under a permit as soon as you receive an oral or written notification.

§ 280.26 When may I resume activities?

The Regional Director will advise you when you may start your permit activities again.

§ 280.27 When may BSEE cancel my permit?

The Regional Director may cancel a permit at any time.

(a) If we cancel your permit, the Regional Director will advise you by certified or registered mail 30 days before the cancellation date and will state the reason.

(b) After we cancel your permit, you are still responsible for proper abandonment of any drill site according to the requirements of 30 CFR 251.7(b)(8). You must comply with all other obligations specified in this part or in the permit.

§ 280.28 May I relinquish my permit?

(a) You may relinquish your permit at any time by advising the Regional Director by certified or registered mail 30 days in advance.

(b) After you relinquish your permit, you are still responsible for proper abandonment of any drill sites according to the requirements of 30 CFR 251.7(b)(8). You must also comply with all other obligations specified in this part or in the permit.

Subparts D–E [Reserved]

PART 281 [RESERVED]

PART 282—OPERATIONS IN THE OUTER CONTINENTAL SHELF FOR MINERALS OTHER THAN OIL, GAS, AND SULPHUR

Subpart A—General

Sec.
282.0 Authority for information collection.
282.1 Purpose and authority.
282.2 Scope.
282.3 Definitions.
282.4 [Reserved]
282.5 Disclosure of data and information to the public.
282.6 Disclosure of data and information to an adjacent State.
282.7 Jurisdictional controversies.

Subpart B—Jurisdiction and Responsibilities of Director

282.10 Jurisdiction and responsibilities of Director.
282.11 Director's authority.
282.12 Director's responsibilities.
282.13 Suspension of production or other operations.
282.14 Noncompliance, remedies, and penalties.
282.15 [Reserved]

Subpart C—Obligations and Responsibilities of Lessees

282.20 [Reserved]
282.21 Plans, general.
282.22–282.26 [Reserved]
282.27 Conduct of operations.
282.28 Environmental protection measures.
282.29–282.30 [Reserved]
282.31 Suspension of production or other operations.

Subpart D—Payments

282.40 [Reserved]
282.41 Method of royalty calculation
282.42 [Reserved]

Subpart E—Appeals

282.50 Appeals.

AUTHORITY: 43 U.S.C. 1334.

SOURCE: 76 FR 64462, Oct. 18, 2011 unless otherwise noted.

Subpart A—General

§282.0 Authority for information collection.

The information collection requirements in this part have been approved by the Office of Management and Budget under 44 U.S.C. 3507 and assigned clearance number 1010–0081. The information is being collected to inform the Bureau of Safety and Environmental Enforcement (BSEE) of general mining operations in the Outer Continental Shelf (OCS). The information will be used to ensure that operations are conducted in a safe and environmentally responsible manner in compliance with governing laws and regulations. The requirement to respond is mandatory.

§282.1 Purpose and authority.

(a) The Act authorizes the Secretary to prescribe such rules and regulations as may be necessary to carry out the provisions of the Act (43 U.S.C. 1334). The Secretary is authorized to prescribe and amend regulations that the Secretary determines to be necessary and proper in order to provide for the prevention of waste, conservation of the natural resources of the OCS, and the protection of correlative rights therein. In the enforcement of safety, environmental, and conservation laws and regulations, the Secretary is authorized to cooperate with adjacent States and other Departments and Agencies of the Federal Government.

(b) Subject to the supervisory authority of the Secretary, and unless otherwise specified, the regulations in this part shall be administered by the Director of BSEE.

§282.2 Scope.

The rules and regulations in this part apply as of their effective date to all operations conducted under a mineral lease for OCS minerals other than oil, gas, or sulphur issued under the provisions of section 8(k) of the Act.

§282.3 Definitions.

When used in this part, the following terms shall have the following meaning:

Act means the OCS Lands Act, as amended (43 U.S.C. 1331 *et seq.*).

Adjacent State means with respect to any activity proposed, conducted, or approved under this part, any coastal State:

(1) That is, or is proposed to be, receiving for processing, refining, or transshipment OCS mineral resources commercially recovered from the seabed;

(2) That is used, or is scheduled to be used, as a support base for prospecting, exploration, testing, or mining activities; or

(3) In which there is a reasonable probability of significant effect on land or water uses from such activity.

Contingency Plan means a plan for action to be taken in emergency situations.

Data means geological and geophysical (G&G) facts and statistics or samples which have not been analyzed, processed, or interpreted.

Development means those activities which take place following the discovery of minerals in paying quantities including geophysical activities, drilling, construction of offshore facilities, and operation of all onshore support facilities, which are for the purpose of ultimately producing the minerals discovered.

Director means the Director of BSEE of the U.S. Department of the Interior or an official authorized to act on the Director's behalf.

Exploration means the process of searching for minerals on a lease including:

(1) Geophysical surveys where magnetic, gravity, seismic, or other systems are used to detect or imply the presence of minerals;

(2) Any drilling including the drilling of a borehole in which the discovery of a mineral other than oil, gas, or sulphur is made and the drilling of any additional boreholes needed to delineate any mineral deposits; and

(3) The taking of sample portions of a mineral deposit to enable the lessee to determine whether to proceed with development and production.

Geological sample means a collected portion of the seabed, the subseabed, or the overylying waters (when obtained for geochemical analysis) acquired while conducting postlease mining activities.

Governor means the Governor of a State or the person or entity designated by, or pursuant to, State law to exercise the power granted to a Governor.

Information means G&G data that have been analyzed, processed, or interpreted.

Lease means one of the following, whichever is required by the context: Any form of authorization which is issued under section 8 or maintained under section 6 of the Acts and which authorizes exploration for, and development and production of, specific minerals; or the area covered by that authorization.

Lessee means the person authorized by a lease, or an approved assignment thereof, to explore for and develop and produce the leased deposits in accordance with the regulations in this chapter. The term includes all parties holding that authority by or through the lessee.

Major Federal action means any action or proposal by the Secretary which is subject to the provisions of section 102(2)(C) of the National Environmental Policy Act (NEPA) (*i.e.*, an action which will have a significant impact on the quality of the human environment requiring preparation of an Environmental Impact Statement (EIS) pursuant to section 102(2)(C) of NEPA).

Marine environment means the physical, atmospheric, and biological components, conditions, and factors which interactively determine the productivity, state, condition, and quality of the marine ecosystem, including the waters of the high seas, the contiguous zone, transitional and intertidal areas, salt marshes, and wetlands within the coastal zone and on the OCS.

Minerals include oil, gas, sulphur, geopressured-geothermal and associated resources, and all other minerals which are authorized by an Act of Congress to be produced from ''public lands'' as defined in section 103 of the Federal Land Policy and Management Act of 1976.

OCS mineral means any mineral deposit or accretion found on or below the surface of the seabed but does not include oil, gas, or sulphur; salt or sand

and gravel intended for use in association with the development of oil, gas, or sulphur; or source materials essential to production of fissionable materials which are reserved to the United States pursuant to section 12(e) of the Act.

Operator means the individual, partnership, firm, or corporation having control or management of operations on the lease or a portion thereof. The operator may be a lessee, designated agent of the lessee, or holder of rights under an approved operating agreement.

Outer Continental Shelf means all submerged lands lying seaward and outside of the area of lands beneath navigable waters as defined in section 2 of Submerged Lands Act (43 U.S.C. 1301) and of which the subsoil and seabed appertain to the United States and are subject to its jurisdiction and control.

Person means a citizen or national of the United States; an alien lawfully admitted for permanent residency in the United States as defined in 8 U.S.C. 1101(a)(20); a private, public, or municipal corporation organized under the laws of the United States or of any State or territory thereof; an association of such citizens, nationals, resident aliens or private, public, or municipal corporations, States, or political subdivisions of States; or anyone operating in a manner provided for by treaty or other applicable international agreements. The term does not include Federal Agencies.

Secretary means the Secretary of the Interior or an official authorized to act on the Secretary's behalf.

Testing means removing bulk samples for processing tests and feasibility studies and/or the testing of mining equipment to obtain information needed to develop a detailed Mining Plan.

§ 282.4 [Reserved]

§ 282.5 Disclosure of data and information to the public.

(a) The Director shall make data, information, and samples available in accordance with the requirements and subject to the limitations of the Act, the Freedom of Information Act (5 U.S.C. 552), and the implementing regulations (43 CFR part 2).

(b) Geophysical data, processed G&G information, interpreted G&G information, and other data and information submitted pursuant to the requirements of this part shall not be available for public inspection without the consent of the lessee so long as the lease remains in effect, unless the Director determines that earlier limited release of such information is necessary for the unitization of operations on two or more leases, to ensure proper Mining Plans for a common ore body, or to promote operational safety. When the Director determines that early limited release of data and information is necessary, the data and information shall be shown only to persons with a direct interest in the affected lease(s), unitization agreement, or joint Mining Plan.

(c) Geophysical data, processed geophysical information and interpreted geophysical information collected on a lease with high resolution systems (including, but not limited to, bathymetry, side-scan sonar, subbottom profiler, and magnetometer) in compliance with stipulations or orders concerning protection of environmental aspects of the lease may be made available to the public 60 days after submittal to the Director, unless the lessee can demonstrate to the satisfaction of the Director that release of the information or data would unduly damage the lessee's competitive position.

§ 282.6 Disclosure of data and information to an adjacent State.

(a) Proprietary data, information, and samples submitted to BSEE pursuant to the requirements of this part shall be made available for inspection by representatives of adjacent State(s) upon request by the Governor(s) in accordance with paragraphs (b) and (c) of this section.

(b) Disclosure shall occur only after the Governor has entered into an agreement with the Secretary providing that:

(1) The confidentiality of the information shall be maintained;

(2) In any action commenced against the Federal Government or the State for failure to protect the confidentiality of proprietary information, the Federal Government or the State, as

the case may be, may not raise as a defense any claim of sovereign immunity or any claim that the employee who revealed the proprietary information, which is the basis of the suit, was acting outside the scope of the person's employment in revealing the information;

(3) The State agrees to hold the United States harmless for any violation by the State or its employees or contractors of the agreement to protect the confidentiality of proprietary data, information, and samples; and

(c) The data, information, and samples available for inspection by representatives of adjacent State(s) pursuant to an agreement shall be related to leased lands.

§ 282.7 Jurisdictional controversies.

In the event of a controversy between the United States and a State as to whether certain lands are subject to Federal or State jurisdiction, either the Governor of the State or the Secretary may initiate negotiations in an attempt to settle the jurisdictional controversy. With the concurrence of the Attorney General, the Secretary may enter into an agreement with a State with respect to OCS mineral activities and to payment and impounding of rents, royalties, and other sums and with respect to the issuance or nonissuance of new leases pending settlement of the controversy.

Subpart B—Jurisdiction and Responsibilities of Director

§ 282.10 Jurisdiction and responsibilities of Director.

Subject to the authority of the Secretary, the following activities are subject to the regulations in this part and are under the jurisdiction of the Director: Exploration, testing, and mining operations together with the associated environmental protection measures needed to permit those activities to be conducted in an environmentally responsible manner; handling, measurement, and transportation of OCS minerals; and other operations and activities conducted pursuant to a lease issued under 30 CFR part 581, or pursuant to a right of use and easement granted under 30 CFR 582.30, by or on behalf of a lessee or the holder of a right of use and easement.

§ 282.11 Director's authority.

(a)–(c) [Reserved]

(d)(1) The Director may approve the consolidation of two or more OCS mineral leases or portions of two or more OCS mineral leases into a single mining unit requested by lessees, or the Director may require such consolidation when the operation of those leases or portions of leases as a single mining unit is in the interest of conservation of the natural resources of the OCS or the prevention of waste. A mining unit may also include all or portions of one or more OCS mineral leases with all or portions of one or more adjacent State leases for minerals in a common orebody. A single unit operator shall be responsible for submission of required Delineation, Testing, and Mining Plans covering OCS mineral operations for an approved mining unit.

(2) Operations such as exploration, testing, and mining activities conducted in accordance with an approved plan on any lease or portion of a lease which is subject to an approved mining unit shall be considered operations on each of the leases that is made subject to the approved mining unit.

(3) Minimum royalty paid pursuant to a Federal lease, which is subject to an approved mining unit, is creditable against the production royalties allocated to that Federal lease during the lease year for which the minimum royalty is paid.

(4) Any OCS minerals produced from State and Federal leases which are subject to an approved mining unit shall be accounted for separately unless a method of allocating production between State and Federal leases has been approved by the Director and the appropriate State official.

§ 282.12 Director's responsibilities.

(a) The Director is responsible for the regulation of activities to assure that all operations conducted under a lease or right of use and easement are conducted in a manner that protects the environment and promotes orderly development of OCS mineral resources. Those activities are to be designed to prevent serious harm or damage to, or

waste of, any natural resource (including OCS mineral deposits and oil, gas, and sulphur resources in areas leased or not leased), any life (including fish and other aquatic life), property, or the marine, coastal, or human environment.

(b)–(d) [Reserved]

(e) The Director shall assure that a scheduled onsite compliance inspection of each facility which is subject to regulations in this part is conducted at least once a year. The inspection shall be to determine that the lessee is in compliance with the requirements of the law; provisions of the lease; the approved Delineation, Testing, or Mining Plan; and the regulations in this part. Additional unscheduled onsite inspections shall be conducted without advance notice to the lessee to assure compliance with the provisions of applicable law; the lease; the approved Delineation, Testing, or Mining Plan; and the regulations in this part.

(f)(1) The Director shall, after completion of the technical and environmental evaluations, approve, disapprove, or require modification of the lessee's requests, applications, plans, and notices submitted pursuant to the provisions of this part; issue orders to govern lease operations; and require compliance with applicable provisions of the law, the regulations, the lease, and the approved Delineation, Testing, or Mining Plans. The Director may give oral orders or approvals whenever prior approval is required before the commencement of an operation or activity. Oral orders or approvals given in response to a written request shall be confirmed in writing within 3 working days after issuance of the order or granting of the oral approval.

(2) The Director shall, after completion of the technical and environmental evaluations, approve, disapprove, or require modification, as appropriate, of the design plan, fabrication plan, and installation plan for platforms, artificial islands, and other installations and devices permanently or temporarily attached to the seabed. The approval, disapproval, or requirement to modify such plans may take the form of a condition of granting a right of use and easement under paragraph (a) of this section or as authorized under any lease issued or maintained under the Act.

(g) [Reserved]

(h) The Director may prescribe or approve, in writing or orally, departures from the operating requirements of the regulations of this part when such departures are necessary to facilitate the proper development of a lease; to conserve natural resources; or to protect life (including fish and other aquatic life), property, or the marine, coastal, or human environment.

§ 282.13 Suspension of production or other operations.

(a) The Director may direct the suspension or temporary prohibition of production or any other operation or activity on all or any part of a lease when it has been determined that such suspension or temporary prohibition is in the National interest to:

(1) Facilitate proper development of a lease including a reasonable time to develop a mine and construct necessary support facilities, or

(2) Allow for the construction or negotiation for use of transportation facilities.

(b) The Director may also direct or, at the request of the lessee, approve a suspension or temporary prohibition of production or any other operation or activity, if:

(1) The lessee failed to comply with a provision of applicable law, regulation, order, or the lease;

(2) There is a threat of serious, irreparable, or immediate harm or damage to life (including fish and other aquatic life), property, any mineral deposit, or the marine, coastal, or human environment;

(3) The suspension or temporary prohibition is in the interest of National security or defense;

(4) The suspension or temporary prohibition is necessary for the initiation and conduct of an environmental evaluation to define mitigation measures to avoid or minimize adverse environmental impacts.

(5) The suspension or temporary prohibition is necessary to facilitate the installation of equipment necessary for safety of operations and protection of the environment;

(6) The suspension or temporary prohibition is necessary to allow for undue delays encountered by the lessee in obtaining required permits or consents, including administrative or judicial challenges or appeals;

(7) The Director determines that continued operations would result in premature abandonment of a producing mine, resulting in the loss of otherwise recoverable OCS minerals;

(8) The Director determines that the lessee cannot successfully operate a producing mine due to market conditions that are either temporary in nature or require temporary shutdown and reinvestment in order for the lessee to adapt to the conditions; or

(9) The suspension or temporary prohibition is necessary to comply with judicial decrees prohibiting production or any other operation or activity, or the permitting of those activities, effective the date set by the court for that prohibition.

(c) When the Director orders or approves a suspension or a temporary prohibition of operation or activity including production on all of a lease pursuant to paragraph (a) or (b) of this section, the term of the lease shall be extended for a period of time equal to the period of time that the suspension or temporary prohibition is in effect, except that no lease shall be so extended when the suspension or temporary prohibition is the result of the lessee's gross negligence or willful violation of a provision of the lease or governing regulations.

(d) The Director may, at any time within the period prescribed for a suspension or temporary prohibition issued pursuant to paragraph (b)(2) of this section, require the lessee to submit a Delineation, Testing, or Mining Plan for approval in accordance with the requirements for the approval of such plans in this part.

(e)(1) When the Director orders or issues a suspension or a temporary prohibition pursuant to paragraph (b)(2) of this section, the Director may require the lessee to conduct site-specific studies to identify and evaluate the cause(s) of the hazard(s) generating the suspension or temporary prohibition, the potential for damage from the hazard(s), and the measures available for mitigating the hazard(s). The nature, scope, and content of any study shall be subject to approval by the Director. The lessee shall furnish copies and all results of any such study to the Director. The cost of the study shall be borne by the lessee unless the Director arranges for the cost of the study to be borne by a party other than the lessee. The Director shall make results of any such study available to interested parties and to the public as soon as practicable after the completion of the study and submission of the results thereof.

(2) When the Director determines that measures are necessary, on the basis of the results of the studies conducted in accordance with paragraph (e)(1) of this section and other information available to and identified by the Director, the lessee shall be required to take appropriate measures to mitigate, avoid, or minimize the damage or potential damage on which the suspension or temporary prohibition is based. When deemed appropriate by the Director, the lessee shall submit a revised Delineation, Testing, or Mining Plan to incorporate the mitigation measures required by the Director. In choosing between alternative mitigation measures, the Director shall balance the cost of the required measures against the reduction or potential reduction in damage or threat of damage or harm to life (including fish and other aquatic life), to property, to any mineral deposits (in areas leased or not leased), to the National security or defense, or to the marine, coastal, or human environment.

(f)(1) If under the provisions of paragraphs (b)(2), (3), and (4) of this section, the Director, with respect to any lease, directs the suspension of production or other operations on the entire leasehold, no payment of rental or minimum royalty shall be due for or during the period of the directed suspension and the time for the lessee specify royalty free period of a period of reduced royalty pursuant to 30 CFR 581.28(b) will be extended for the period of directed suspension. If under the provisions of paragraphs (b)(2), (3), and (4) of this section the Director, with respect to a lease on which there has

been no production, directs the suspension of operations on the entire leasehold, no payment of rental shall be due during the period of the directed suspension.

(2) If under the provisions of this section, the Director grants the request of a lessee for a suspension of production or other operations, the lessee's obligations to pay rental, minimum royalty, or royalty shall continue to apply during the period of the approved suspension, unless the Director's approval of the lessee's request for suspension authorizes the payment of a lesser amount during the period of approved suspension. If under the provision of this section, the Director grants a lessee's request for a suspension of production or other operations for a lease which includes provisions for a time period which the lessee may specify during which production from the leasehold would be royalty free or subject to a reduced royalty obligation pursuant to 30 CFR 581.28(b), the time during which production from a leasehold may be royalty free or subject to a reduced royalty obligation shall not be extended unless the Director's approval of the suspension specifies otherwise.

(3) If the lease anniversary date falls within a period of suspension for which no rental or minimum royalty payments are required under paragraph (a) of this section, the prorated rentals or minimum royalties are due and payable as of the date the suspension period terminates. These amounts shall be computed and notice thereof given the lessee. The lessee shall pay the amount due within 30 days after receipt of such notice. The anniversary date of a lease shall not change by reason of any period of lease suspension or rental or royalty relief resulting therefrom.

§ 282.14 Noncompliance, remedies, and penalties.

(a)(1) If the Director determines that a lessee has failed to comply with applicable provisions of law; the regulations in this part; other applicable regulations; the lease; the approved Delineation, Testing, or Mining Plan; or the Director's orders or instructions, and the Director determines that such noncompliance poses a threat of immediate, serious, or irreparable damage to the environment, the mine or the deposit being mined, or other valuable mineral deposits or other resources, the Director shall order the lessee to take immediate and appropriate remedial action to alleviate the threat. Any oral orders shall be followed up by service of a notice of noncompliance upon the lessee by delivery in person to the lessee or agent, or by certified or registered mail addressed to the lessee at the last known address.

(2) If the Director determines that the lessee has failed to comply with applicable provisions of law; the regulations in this part; other applicable regulations; the lease; the requirements of an approved Delineation, Testing, or Mining Plan; or the Director's orders or instructions, and such noncompliance does not pose a threat of immediate, serious, or irreparable damage to the environment, the mine or the deposit being mined, or other valuable mineral deposits or other resources, the Director shall serve a notice of noncompliance upon the lessee by delivery in person to the lessee or agent or by certified or registered mail addressed to the lessee at the last known address.

(b) A notice of noncompliance shall specify in what respect(s) the lessee has failed to comply with the provisions of applicable law; regulations; the lease; the requirements of an approved Delineation, Testing, or Mining Plan; or the Director's orders or instructions, and shall specify the action(s) which must be taken to correct the noncompliance and the time limits within which such action must be taken.

(c) Failure of a lessee to take the actions specified in the notice of noncompliance within the time limit specified shall be grounds for a suspension of operations and other appropriate actions, including but not limited to the assessment of a civil penalty of up to $10,000 per day for each violation that is not corrected within the time period specified (43 U.S.C. 1350(b)).

(d) Whenever the Director determines that a violation of or failure to comply with any provision of the Act; or any provision of a lease, license, or permit

issued pursuant to the Act; or any provision of any regulation promulgated under the Act probably occurred and that such apparent violation continued beyond notice of the violation and the expiration of the reasonable time period allowed for corrective action, the Director shall follow the procedures concerning remedies and penalties in subpart N, Remedies and Penalties, of 30 CFR part 250 to determine and assess an appropriate penalty.

(e) The remedies and penalties prescribed in this section shall be concurrent and cumulative, and the exercise of one shall not preclude the exercise of the other. Further, the remedies and penalties prescribed in this section shall be in addition to any other remedies and penalties afforded by any other law or regulation (43 U.S.C. 1350(e)).

§ 282.15 [Reserved]

Subpart C—Obligations and Responsibilities of Lessees

§ 282.20 [Reserved]

§ 282.21 Plans, general.

(a)–(d) [Reserved]

(e) Leasehold activities shall be carried out with due regard to conservation of resources, paying particular attention to the wise management of OCS mineral resources, minimizing waste of the leased resource(s) in mining and processing, and preventing damage to unmined parts of the mineral deposit and other resources of the OCS.

§§ 282.22–282.26 [Reserved]

§ 282.27 Conduct of operations.

(a) The lessee shall conduct all exploration, testing, development, and production activities and other operations in a safe and workmanlike manner and shall maintain equipment in a manner which assures the protection of the lease and its improvements, the health and safety of all persons, and the conservation of property, and the environment.

(b) Nothing in this part shall preclude the use of new or alternative technologies, techniques, procedures, equipment, or activities, other than those prescribed in the regulations of this part, if such other technologies, techniques, procedures, equipment, or activities afford a degree of protection, safety, and performance equal to or better than that intended to be achieved by the regulations of this part, provided the lessee obtains the written approval of the Director prior to the use of such new or alternative technologies, techniques, procedures, equipment, or activities.

(c) The lessee shall immediately notify the Director when there is a death or serious injury; fire, explosion, or other hazardous event which threatens damage to life, a mineral deposit, or equipment; spills of oil, chemical reagents, or other liquid pollutants which could cause pollution; or damage to aquatic life or the environment associated with operations on the lease. As soon as practical, the lessee shall file a detailed report on the event and action(s) taken to control the situation and to mitigate any further damage.

(d)(1) Lessees shall provide means, at all reasonable hours either day or night, for the Director to inspect or investigate the conditions of the operation and to determine whether applicable regulations; terms and conditions of the lease; and the requirements of the approved Delineation, Testing, or Mining Plan are being met.

(2) A lessee shall, on request by the Director, furnish food, quarters, and transportation for BSEE representatives to inspect its facilities. Upon request, the lessee will be reimbursed by the United States for the actual costs which it incurs as a result of its providing food, quarters, and transportation for a BSEE representative's stay of more than 10 hours. Request for reimbursement must be submitted within 60 days following the cost being incurred.

(e) Mining and processing vessels, platforms, structures, artificial islands, and mobile drilling units which have helicopter landing facilities shall be identified with at least one sign using letters and figures not less than 12 inches in height. Signs for structures without helicopter landing facilities shall be identified with at least one sign using letters and figures not

less than 3 inches in height. Signs shall be affixed at a location that is visible to approaching traffic and shall contain the following information which may be abbreviated:

(1) Name of the lease operator;

(2) The area designation based on Official OCS Protraction Diagrams;

(3) The block number in which the facility is located; and

(4) Vessel, platform, structure, or rig name.

(f)(1) *Drilling*. (i) When drilling on lands valuable or potentially valuable for oil and gas or geopressured or geothermal resources, drilling equipment shall be equipped with blowout prevention and control devices acceptable to the Director before penetrating more than 500 feet unless a different depth is specified in advance by the Director.

(ii) In cases where the Director determines that there is sufficient likelihood of encountering pressurized hydrocarbons, the Director may require that the lessee comply with all or portions of the requirements in part 250, subpart D, of this title.

(iii) Before drilling any hole which may penetrate an aquifer, the lessee shall follow the procedures included in the approved plan for the penetration and isolation of the aquifer during the drilling operation, during use of the hole, and for subsequent abandonment of the hole.

(iv) Cuttings from holes drilled on the lease shall be disposed of and monitored in accordance with the approved plan.

(v) The use of muds in drilling holes on the lease and their subsequent disposition shall be according to the approved plan.

(2) All drill holes which are susceptible to logging shall be logged, and the lessee shall prepare a detailed lithologic log of each drill hole. Drill holes which are drilled deeper than 500 feet shall be drilled in a manner which permits logging. Copies of logs of cores and cuttings and all in-hole surveys such as electronic logs, gamma ray logs, neutron density logs, and sonic logs shall be provided to the Director.

(3) Drill holes for exploration, testing, development, or production shall be properly plugged and abandoned to the satisfaction of the Director in accordance with the approved plan and in such a manner as to protect the surface and not endanger any operation; any freshwater aquifer; or deposit of oil, gas, or other mineral substance.

(g) The use of explosives on the lease shall be in accordance with the approved plan.

(h)(1) Any equipment placed on the seabed shall be designed to allow its recovery and removal upon abandonment of leasehold activities.

(2) Disposal of equipment, cables, chains, containers, or other materials into the ocean is prohibited.

(3) Materials, equipment, tools, containers, and other items used on the OCS which are of such shape or configuration that they are likely to snag or damage fishing devices shall be handled and marked as follows:

(i) All loose materials, small tools, and other small objects shall be kept in a suitable storage area or a marked container when not in use or in a marked container before transport over OCS waters;

(ii) All cable, chain, or wire segments shall be recovered after use and securely stored;

(iii) Skid-mounted equipment, portable containers, spools or reels, and drums shall be marked with the owner's name prior to use or transport over OCS waters; and

(iv) All markings must clearly identify the owner and must be durable enough to resist the effects of the environmental conditions to which they are exposed.

(4) Any equipment or material described in paragraphs (h)(2), (h)(3)(ii), and (iii) of this section that is lost overboard shall be recorded on the daily operations report of the facility and reported to the Director and to the U.S. Coast Guard.

(i) Any bulk sampling or testing that is necessary to be conducted prior to submission of a Mining Plan shall be in accordance with an approved Testing Plan. The sale of any OCS minerals acquired under an approved Testing Plan shall be subject to the payment of the royalty specified in the lease to the United States.

(j) Installations and structures: (1) The lessee shall design, fabricate, install, use, inspect, and maintain all installations and structures, including platforms on the OCS, to assure the structural integrity of all installations and structures for the safe conduct of exploration, testing, mining, and processing activities considering the specific environmental conditions at the location of the installation or structure.

(2) All fixed or bottom-founded platforms or other structures, e.g., artificial islands shall be designed, fabricated, installed, inspected, and maintained in accordance with the provisions of 30 CFR part 250, subpart I.

(k) The lessee shall not produce any OCS mineral until the method of measurement and the procedures for product valuation have been instituted in accordance with the approved Testing or Mining Plan. The lessee shall enter the weight or quantity and quality of each mineral produced in accordance with 30 CFR 582.29.

(l) The lessee shall conduct OCS mineral processing operations in accordance with the approved Testing or Mining Plan and use due diligence in the reduction, concentration, or separation of mineral substances by mechanical or chemical processes, by evaporation, or other means, so that the percentage of concentrates or other mineral substances are recovered in accordance with the practices approved in the Testing or Mining Plan.

(m) No material shall be discharged or disposed of except in accordance with the approved disposal practice and procedures contained in the approved Delineation, Testing, or Mining Plan.

§ 282.28 Environmental protection measures.

(a)–(b) [Reserved]

(c)(1) The lessee shall monitor activities in a manner that develops the data and information necessary to enable the Director to assess the impacts of exploration, testing, mining, and processing activities on the environment on and off the lease; develop and evaluate methods for mitigating adverse environmental effects; validate assessments made in previous environmental evaluations; and ensure compliance with lease and other requirements for the protection of the environment.

(2) Monitoring of environmental effects shall include determination of the spatial and temporal environmental changes induced by the exploration, testing, development, production, and processing activities on the flora and fauna of the sea surface, the water column, and/or the seafloor.

(3) The Director may place observers onboard exploration, testing, mining, and processing vessels; installations; or structures to ensure that the provisions of the lease, the approved plan, and these regulations are followed and to evaluate the effectiveness of the approved monitoring and mitigation practices and procedures in protecting the environment.

(4) The Director may order or the lessee may request a modification of the approved monitoring program prior to the startup of testing activities or commercial-scale recovery, and at other appropriate times as necessary, to reflect accurately the proposed operations or to incorporate the results of recent research or improved monitoring techniques.

(5) [Reserved]

(6) When required, the monitoring plan will specify:

(i) The sampling techniques and procedures to be used to acquire the needed data and information;

(ii) The format to be used in analysis and presentation of the data and information;

(iii) The equipment, techniques, and procedures to be used in carrying out the monitoring program; and

(iv) The name and qualifications of person(s) designated to be responsible for carrying out the environmental monitoring.

(d) Lessees shall develop and conduct their operations in a manner designed to avoid, minimize, or otherwise mitigate environmental impacts and to demonstrate the effectiveness of efforts to that end. Based upon results of the monitoring program, the Director may specify particular procedures for mitigating environmental impacts.

(e) [Reserved]

§§ 282.29–282.30 [Reserved]

§ 282.31 Suspension of production or other operations.

A lessee may submit a request for a suspension of production or other operations. The request shall include justification for granting the requested suspension, a schedule of work leading to the initiation or restoration of production or other operations, and any other information the Director may require.

Subpart D—Payments

§ 282.40 [Reserved]

§ 282.41 Method of royalty calculation.

In the event that the provisions of royalty management regulations in part 1206 of chapter XII do not apply to the specific commodities produced under regulations in this part, the lessee shall comply with procedures specified in the leasing notice.

§ 282.42 [Reserved]

Subpart E—Appeals

§ 282.50 Appeals.

See 30 CFR part 290 for instructions on how to appeal any order or decision that we issue under this part.

PART 285 [RESERVED]

SUBCHAPTER C—APPEALS

PART 290—APPEAL PROCEDURES

Subpart A—Bureau of Safety and Environmental Enforcement Appeal Procedures

Sec.
290.1 What is the purpose of this subpart?
290.2 Who may appeal?
290.3 What is the time limit for filing an appeal?
290.4 How do I file an appeal?
290.5 Can I obtain an extension for filing my Notice of Appeal?
290.6 Are informal resolutions permitted?
290.7 Do I have to comply with the decision or order while my appeal is pending?
290.8 How do I exhaust my administrative remedies?

Subpart B [Reserved]

AUTHORITY: 5 U.S.C. 301 *et seq.;* 43 U.S.C. 1331.

SOURCE: 76 FR 64462, Oct. 18, 2011 unless otherwise noted.

Subpart A—Bureau of Safety and Environmental Enforcement Appeal Procedures

§ 290.1 What is the purpose of this subpart?

The purpose of this subpart is to explain the procedures for appeals of Bureau of Safety and Environmental Enforcement (BSEE) decisions and orders issued under 30 CFR chapter II.

§ 290.2 Who may appeal?

If you are adversely affected by a BSEE official's final decision or order issued under 30 CFR chapter II, you may appeal that decision or order to the Interior Board of Land Appeals (IBLA). Your appeal must conform with the procedures found in this subpart and 43 CFR part 4, subpart E.

§ 290.3 What is the time limit for filing an appeal?

You must file your appeal within 60 days after you receive BSEE's final decision or order. The 60-day time period applies rather than the time period provided in 43 CFR 4.411(a). A decision or order is received on the date you sign a receipt confirming delivery or, if there is no receipt, the date otherwise documented.

§ 290.4 How do I file an appeal?

For your appeal to be filed, BSEE must receive all of the following within 60 days after you receive the decision or order:

(a) A written Notice of Appeal together with a copy of the decision or order you are appealing in the office of the BSEE officer that issued the decision or order. You cannot extend the 60-day period for that office to receive your Notice of Appeal; and

(b) A nonrefundable processing fee of $150 paid with the Notice of Appeal.

(1) You must pay electronically through *Pay.gov* at: *https://www.pay.gov/paygov/*, and you must include a copy of the Pay.gov confirmation receipt page with your Notice of Appeal.

(2) You cannot extend the 60-day period for payment of the processing fee.

§ 290.5 Can I obtain an extension for filing my Notice of Appeal?

You cannot obtain an extension of time to file the Notice of Appeal. See 43 CFR 4.411(c).

§ 290.6 Are informal resolutions permitted?

(a) You may seek informal resolution with the issuing officer's next level supervisor during the 60-day period established in § 290.3.

(b) Nothing in this subpart precludes resolution by settlement of any appeal or matter pending in the administrative process after the 60-day period established in § 290.3.

§ 290.7 Do I have to comply with the decision or order while my appeal is pending?

(a) The decision or order is effective during the 60-day period for filing an appeal under § 290.3 unless:

(1) BSEE notifies you that the decision or order, or some portion of it, is suspended during this period because there is no likelihood of immediate and

irreparable harm to human life, the environment, any mineral deposit, or property; or

(2) You post a surety bond under 30 CFR 250.1409 pending the appeal challenging an order to pay a civil penalty.

(b) This section applies rather than 43 CFR 4.21(a) for appeals of BSEE orders.

(c) After you file your appeal, IBLA may grant a stay of a decision or order under 43 CFR 4.21(b); however, a decision or order remains in effect until IBLA grants your request for a stay of the decision or order under appeal.

§ 290.8 How do I exhaust my administrative remedies?

(a) If you receive a decision or order issued under chapter II, subchapter B, you must appeal that decision or order to IBLA under 43 CFR part 4, subpart E to exhaust administrative remedies.

(b) This section does not apply if the Assistant Secretary for Land and Minerals Management or the IBLA makes a decision or order immediately effective notwithstanding an appeal.

Subpart B [Reserved]

PART 291—OPEN AND NONDISCRIMINATORY ACCESS TO OIL AND GAS PIPELINES UNDER THE OUTER CONTINENTAL SHELF LANDS ACT

Sec.

291.1 What is BSEE's authority to collect information?
291.100 What is the purpose of this part?
291.101 What definitions apply to this part?
291.102 May I call the BSEE Hotline to informally resolve an allegation that open and nondiscriminatory access was denied?
291.103 May I use alternative dispute resolution (ADR) to informally resolve an allegation that and nondiscriminatory access was denied?
291.104 Who may file a complaint or a third-party brief?
291.105 What must a complaint contain?
291.106 How do I file a complaint?
291.107 How do I answer a complaint?
291.108 How do I pay the processing fee?
291.109 Can I ask for a fee waiver or a reduced processing fee?
291.110 Who may BSEE require to produce information?
291.111 How does BSEE treat the confidential information I provide?
291.112 What process will BSEE follow in rendering a decision on whether a grantee or transporter has provided open and nondiscriminatory access?
291.113 What actions may BSEE take to remedy denial of open and nondiscriminatory access?
291.114 How do I appeal to the IBLA?
291.115 How do I exhaust administrative remedies?

AUTHORITY: 31 U.S.C. 9701, 43 U.S.C. 1334.

SOURCE: 76 FR 64462, Oct. 18, 2011 unless otherwise noted.

§ 291.1 What is BSEE's authority to collect information?

(a) The Office of Management and Budget (OMB) has approved the information collection requirements in this part under 44 U.S.C. 3501 *et seq.*, and assigned OMB Control Number 1010–0172.

(b) An agency may not conduct or sponsor, and you are not required to respond to, a collection of information unless it displays a currently valid OMB control number.

(c) We use the information collected to determine whether or not the shipper has been denied open and nondiscriminatory access to Outer Continental Shelf (OCS) pipelines as sections of 5(e) and (f) of the OCS Lands Act (OCSLA) require.

(d) Respondents are companies that ship or transport oil and gas production across the OCS. Responses are required to obtain or retain benefits. We will protect information considered proprietary under applicable law.

(e) Send comments regarding any aspect of the collection of information under this part, including suggestions for reducing the burden, to the Information Collection Clearance Officer, Bureau of Safety and Environmental Enforcement, 381 Elden Street, Herndon, VA 20170.

§ 291.100 What is the purpose of this part?

This part:

(a) Explains the procedures for filing a complaint with the Director, Bureau of Safety and Environmental Enforcement (BSEE) alleging that a grantee or transporter has denied a shipper of production from the OCS open and nondiscriminatory access to a pipeline;

(b) Explains the procedures BSEE will employ to determine whether violations of the requirements of the OCSLA have occurred, and to remedy any violations; and

(c) Provides for alternative informal means of resolving pipeline access disputes through either Hotline-assisted procedures or alternative dispute resolution (ADR).

§ 291.101 What definitions apply to this part?

As used in this part:

Accessory means a platform, a major subsea manifold, or similar subsea structure attached to a right-of-way (ROW) pipeline to support pump stations, compressors, manifolds, *etc*. The site used for an accessory is part of the pipeline ROW grant.

Appurtenance means equipment, device, apparatus, or other object attached to a horizontal component or riser. Examples include anodes, valves, flanges, fittings, umbilicals, subsea manifolds, templates, pipeline end modules (PLEMs), pipeline end terminals (PLETs), anode sleds, other sleds, and jumpers (other than jumpers connecting subsea wells to manifolds).

FERC pipeline means any pipeline within the jurisdiction of the Federal Energy Regulatory Commission (FERC) under the Natural Gas Act, 15 U.S.C. 717–717z, or the Interstate Commerce Act, 42 U.S.C. 7172(a) and (b).

Grantee means any person to whom BSEE has issued an oil or gas pipeline permit, license, easement, right-of-way, or other grant of authority for transportation on or across the OCS under 30 CFR part 250, subpart J, or 43 U.S.C. 1337(p), and any person who has an assignment of a permit, license, easement, right-of-way or other grant of authority, or who has an assignment of any rights subject to any of those grants of authority under 30 CFR part 250, subpart J or 43 U.S.C. 1337(p).

IBLA means the Interior Board of Land Appeals.

OCSLA pipeline means any oil or gas pipeline for which BSEE has issued a permit, license, easement, right-of-way, or other grant of authority.

Outer Continental Shelf means all submerged lands lying seaward and outside of the area of lands beneath navigable waters as defined in section 2 of the Submerged Lands Act (43 U.S.C. 1301) and of which the subsoil and seabed appertain to the United States and are subject to its jurisdiction and control.

Party means any person who files a complaint, any person who files an answer, and BSEE.

Person means an individual, corporation, government entity, partnership, association (including a trust or limited liability company), consortium, or joint venture (when established as a separate entity).

Pipeline is the piping, risers, accessories and appurtenances installed for transportation of oil and gas.

Serve means personally delivering a document to a person, or sending a document by U.S. mail or private delivery services that provide proof of delivery (such as return receipt requested) to a person.

Shipper means a person who contracts or wants to contract with a grantee or transporter to transport oil or gas through the grantee's or transporter's pipeline.

Transportation means, for purposes of this part only, the movement of oil or gas through an OCSLA pipeline.

Transporter means, for purposes of this part only, any person who owns or operates an OCSLA oil or gas pipeline.

§ 291.102 May I call the BSEE Hotline to informally resolve an allegation that open and nondiscriminatory access was denied?

Before filing a complaint under § 291.106, you may attempt to informally resolve an allegation concerning open and nondiscriminatory access by calling the toll-free BSEE Pipeline Open Access Hotline at 1–888–232–1713.

(a) BSEE Hotline staff will informally seek information needed to resolve the dispute. BSEE Hotline staff will attempt to resolve disputes without litigation or other formal proceedings. The Hotline staff will not attempt to resolve matters that are before BSEE or FERC in docketed proceedings.

(b) BSEE Hotline staff may provide information to you and give informal oral advice. The advice given is not

binding on BSEE, the Department of the Interior (DOI), or any other person.

(c) To the extent permitted by law, the BSEE Hotline staff will treat all information it obtains as non-public and confidential.

(d) You may call the BSEE Hotline anonymously.

(e) If you contact the BSEE Hotline, you may file a complaint under this part if discussions assisted by BSEE Hotline staff are unsuccessful at resolving the matter.

(f) You may terminate use of the BSEE Hotline procedure at any time.

§ 291.103 May I use alternative dispute resolution (ADR) to informally resolve an allegation that open and nondiscriminatory access was denied?

You may ask to use ADR either before or after you file a complaint. To make a request, call the BSEE at 1–888–232–1713 or write to us at the following address: Director, Bureau of Safety and Environmental Enforcement, Attention: Office of Policy Analysis, 1849 C Street, NW., Mail Stop 5438, Washington, DC 20240–0001.

(a) You may request that ADR be administered by:

(1) A contracted ADR provider agreed to by all parties;

(2) The Department's Office of Collaborative Action and Dispute Resolution (CADR); or

(3) BSEE staff trained in ADR and certified by the CADR.

(b) Each party must pay its respective share of all costs and fees associated with any contracted or Departmental ADR provider. For purposes of this section, BSEE is not a party in an ADR proceeding.

§ 291.104 Who may file a complaint or a third-party brief?

(a) You may file a complaint under this subpart if you are a shipper and you believe that you have been denied open and nondiscriminatory access to an OCSLA pipeline that is not a FERC pipeline.

(b) Any person that believes its interests may be affected by precedents established by adjudication of complaints under this rule may submit a brief to BSEE. The brief must be served following the procedure set out in § 291.107. After considering the brief, it is within BSEE's discretion as to whether BSEE may:

(1) Address the brief in its decision;

(2) Not address the brief in its decision; or

(3) Include the submitter of the brief in the proceeding as a party.

§ 291.105 What must a complaint contain?

For purposes of this subpart, a complaint means a comprehensive written brief stating the legal and factual basis for the allegation that a shipper was denied open and nondiscriminatory access, together with supporting material. A complaint must:

(a) Clearly identify the action or inaction which is alleged to violate 43 U.S.C. 1334(e) or (f)(1)(A);

(b) Explain how the action or inaction violates 43 U.S.C. 1334(e) or (f)(1)(A);

(c) Explain how the action or inaction affects your interests, including practical, operational, or other non-financial impacts;

(d) Estimate any financial impact or burden;

(e) State the specific relief or remedy requested; and

(f) Include all documents that support the facts in your complaint including, but not limited to, contracts and any affidavits that may be necessary to support particular factual allegations.

§ 291.106 How do I file a complaint?

To file a complaint under this part, you must:

(a) File your complaint with the Director, Bureau of Safety and Environmental Enforcement at the following address: Director, Bureau of Safety and Environmental Enforcement, Attention: Office of Policy Analysis, 1849 C Street, NW., Mail Stop 5438, Washington, DC 20240–0001; and

(b) Include a nonrefundable processing fee of $7,500 under § 291.108(a) or a request for reduction or waiver of the fee under § 291.109(a); and

(c) Serve your complaint on all persons named in the complaint. If you make a claim under § 291.111 for confidentiality, serve the redacted copy and proposed form of a protective

agreement on all persons named in the complaint.

(d) Complaints shall not be filed later than 2 years from the time of the alleged access denial. If the complaint is filed later than 2 years from the time of the alleged access denial, the BSEE Director will not consider the complaint and the case will be closed.

§ 291.107 How do I answer a complaint?

(a) If you have been served a complaint under § 291.106, you must file an answer within 60 days of receiving the complaint. If you miss this deadline, BSEE may disregard your answer. We consider your answer to be filed when the BSEE Director receives it at the following address: Director, Bureau of Safety and Environmental Enforcement, Attention: Office of Policy Analysis, 1849 C Street, NW., Mail Stop 5438, Washington, DC 20240–0001.

(b) For purposes of this paragraph, an answer means a comprehensive written brief stating the legal and factual basis refuting the allegations in the complaint, together with supporting material. You must:

(1) Attach to your answer a copy of the complaint or reference the assigned BSEE docket number (you may obtain the docket number by calling the Office of Policy Analysis at (202) 208–3530);

(2) Explain in your answer why the action or inaction alleged in the complaint does not violate 43 U.S.C. 1334(e) or (f)(1)(A);

(3) Include with your answer all documents in your possession or that you can otherwise obtain that support the facts in your answer including, but not limited to, contracts and any affidavits that may be necessary to support particular factual allegations; and

(4) Provide a copy of your answer to all parties named in the complaint including the complainant. If you make a claim under § 291.111 for confidentiality, serve the redacted copy and proposed form of a protective agreement to all parties named in the complaint, including the complainant.

§ 291.108 How do I pay the processing fee?

(a) You must pay the processing fee electronically through *Pay.Gov*. The *Pay.Gov* Web site may be accessed through links on the BSEE Offshore Web site at: *http://www.bsee.gov/offshore/homepage* (on drop-down topic list) or directly through *Pay.Gov* at: *https://www.pay.gov/paygov/*.

(b) You must include with the payment:

(1) Your taxpayer identification number;

(2) Your payor identification number, if applicable; and

(3) The complaint caption, or any other applicable identification of the complaint you are filing.

§ 291.109 Can I ask for a fee waiver or a reduced processing fee?

(a) BSEE may grant a fee waiver or fee reduction in extraordinary circumstances. You may request a waiver or reduction of your fee by:

(1) Sending a written request to the BSEE Office of Policy Analysis when you file your complaint; and

(2) Demonstrating in your request that you are unable to pay the fee or that payment of the full fee would impose an undue hardship upon you.

(b) The BSEE Office of Policy Analysis will send you a written decision granting or denying your request for a fee waiver or a fee reduction.

(1) If we grant your request for a fee reduction, you must pay the reduced processing fee within 30 days of the date you receive our decision.

(2) If we deny your request, you must pay the entire processing fee within 30 days of the date you receive the decision.

(3) BSEE's decision granting or denying a fee waiver or reduction is final for the Department.

§ 291.110 Who may BSEE require to produce information?

(a) BSEE may require any lessee, operator of a lease or unit, shipper, grantee, or transporter to provide information that BSEE believes is necessary to make a decision on whether open access or nondiscriminatory access was denied.

(b) If you are a party and fail to provide information BSEE requires under paragraph (a) of this section, BSEE may:

(1) Assess civil penalties under 30 CFR part 250, subpart N;

(2) Dismiss your complaint or consider your answer incomplete; or

(3) Presume the required information is adverse to you on the factual issues to which the information is relevant.

(c) If you are not a party to a complaint and fail to provide information BSEE requires under paragraph (a) of this section, BSEE may assess civil penalties under 30 CFR part 250, subpart N.

§ 291.111 How does BSEE treat the confidential information I provide?

(a) Any person who provides documents under this part in response to a request by BSEE to inform a decision on whether open access or nondiscriminatory access was denied may claim that some or all of the information contained in a particular document is confidential. If you claim confidential treatment, then when you provide the document to BSEE you must:

(1) Provide a complete unredacted copy of the document and indicate on that copy that you are making a request for confidential treatment for some or all of the information in the document.

(2) Provide a statement specifying the specific statutory justification for nondisclosure of the information for which you claim confidential treatment. General claims of confidentiality are not sufficient. You must furnish sufficient information for BSEE to make an informed decision on the request for confidential treatment.

(3) Provide a second copy of the document from which you have redacted the information for which you wish to claim confidential treatment. If you do not submit a second copy of the document with the confidential information redacted, BSEE may assume that there is no objection to public disclosure of the document in its entirety.

(b) In making data and information you submit available to the public, BSEE will not disclose documents exempt from disclosure under the Freedom of Information Act (5 U.S.C. 552) and will follow the procedures set forth in the implementing regulations at 43 CFR part 2 to give submitters an opportunity to object to disclosure.

(c) BSEE retains the right to make the determination with regard to any claim of confidentiality. BSEE will notify you of its decision to deny a claim, in whole or in part, and, to the extent permitted by law, will give you an opportunity to respond at least 10 days before its public disclosure.

§ 291.112 What process will BSEE follow in rendering a decision on whether a grantee or transporter has provided open and nondiscriminatory access?

BSEE will begin processing a complaint upon receipt of a processing fee or granting a waiver of the fee. The BSEE Director will review the complaint, answer, and other information, and will serve all parties with a written decision that:

(a) Makes findings of fact and conclusions of law; and

(b) Renders a decision determining whether the complainant has been denied open and nondiscriminatory access.

§ 291.113 What actions may BSEE take to remedy denial of open and nondiscriminatory access?

If the BSEE Director's decision under § 291.112 determines that the grantee or transporter has not provided open access or nondiscriminatory access, then the decision will describe the actions BSEE will take to require the grantee or transporter to remedy the denial of open access or nondiscriminatory access. The remedies BSEE would require must be consistent with BSEE's statutory authority, regulations, and any limits thereon due to Congressional delegations to other agencies. Actions BSEE may take include, but are not limited to:

(a) Ordering grantees and transporters to provide open and nondiscriminatory access to the complainant;

(b) Assessing civil penalties of up to $10,000 per day under 30 CFR part 250, subpart N, for failure to comply with a BSEE order to provide open access or nondiscriminatory access. Penalties will begin to accrue 60 days after the

grantee or transporter receives the order to provide open and nondiscriminatory access if it has not provided such access by that time. However, if BSEE determines that requiring the construction of facilities would be an appropriate remedy under the OCSLA, penalties will begin to accrue 10 days after conclusion of diligent construction of needed facilities or 60 days after the grantee or transporter receives the order to provide open and nondiscriminatory access, whichever is later, if it has not provided such access by that time;

(c) Requesting the Attorney General to institute a civil action in the appropriate United States District Court under 43 U.S.C. 1350(a) for a temporary restraining order, injunction, or other appropriate remedy to enforce the open and nondiscriminatory access requirements of 43 U.S.C. 1334(e) and (f)(1)(A); or

(d) Initiating a proceeding to forfeit the right-of-way grant under 43 U.S.C. 1334(e).

§ 291.114 How do I appeal to the IBLA?

Any party, except as provided in § 291.115(b), adversely affected by a decision of the BSEE Director under this part may appeal to the Interior Board of Land Appeals (IBLA) under the procedures in 43 CFR part 4, subpart E.

§ 291.115 How do I exhaust administrative remedies?

(a) If the BSEE Director issues a decision under this part but does not expressly make the decision effective upon issuance, you must appeal the decision to the IBLA under 43 CFR part 4 to exhaust administrative remedies. Such decision will not be effective during the time in which a person adversely affected by the BSEE Director's decision may file a notice of appeal with the IBLA, and the timely filing of a notice of appeal will suspend the effect of the decision pending the decision on appeal.

(b) This section does not apply if a decision was made effective by:

(1) The BSEE Director; or

(2) The Assistant Secretary for Land and Minerals Management.