

**U.S. Department of the Interior
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Innovation 8

MMS Listens -- Doubles Timeframe Allowed to Extend Active Leases

The U.S. Department of the Interior's Minerals Management Service (MMS) today proposed changes that would increase from 90 to 180 days the time allowed between operations for an offshore natural gas and oil lease to continue beyond its primary term. The proposed rule will appear in the Federal Register on April 25, 1995.

"This proposed change is further proof that we are reinventing government based on our stakeholders' concerns," said MMS Director Cynthia Quarterman, speaking at the Independent Petroleum Association of America's Offshore Committee luncheon in New Orleans, LA. "MMS received several comments to a Federal Register notice requesting comments and suggestions on all agency regulations. In response to that notice, some industry stakeholders suggested that the 90-day time limitation was no longer appropriate because although many OCS operations can be commenced within the 90-day time allowance, many require considerably more time. Shortly thereafter, we asked for comments on whether to extend the limitation. We listened. Now we're acting."

Changes in industry exploration practices have increased the time necessary to collect and analyze data associated with drilling operations. Many operations require considerably more time as industry is now focusing its efforts in areas such as deepwater and subsalt. The proposed changes will allow more time for efficient and expedient production, drilling and well-reworking operations.

Currently, if no production, drilling or re-working activities occur on the lease during the last 90 days prior to lease expiration, and no suspension is in effect, the lease expires.

"MMS continues to change in response to comments from our customers to reflect the realities of exploration and production of energy resources on the Outer Continental Shelf (OCS). This reinvention will give more flexibility to lessees who are diligently exploring their leases," declared Quarterman.

MMS is the federal agency that manages the Nation's natural gas, oil and other mineral resources on the OCS, and collects, accounts for and disburses about \$4 billion yearly in revenues from offshore federal mineral leases and from onshore mineral leases on federal and Indian lands.

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