



United States Department of the Interior

BUREAU OF OCEAN ENERGY MANAGEMENT
WASHINGTON, DC 20240-0001

MAR 23 2015

Mr. Conrad T. Spangler, III
Director
Commonwealth of Virginia
Department of Mines, Minerals and Energy
1100 Bank Street, 8th Floor
Richmond, Virginia 23219

Federal Express Tracking No.: 8060 6102 1445

Dear Mr. Spangler:

The Bureau of Ocean Energy Management (BOEM) acknowledges receipt of the Commonwealth of Virginia, Department of Mines, Minerals, and Energy's (DMME) Outer Continental Shelf (OCS) Renewable Energy Lease or Grant Designation of Operator form submitted on March 16, 2015, to designate Virginia Electric and Power Company as lease operator of research lease OCS-A 0497.

BOEM regulations at 30 CFR 585.405, require that a lease operator, who is not the Lessee, be identified in the Lessee's Site Assessment Plan, Construction and Operations Plan, or General Activities Plan, as applicable. The Office of Renewable Energy Programs has prescribed a departure from this requirement pursuant to 30 CFR 585.103(a)(1) to allow Virginia Electric and Power Company to be designated lease operator prior to plan approval for research lease OCS-A 0497. First, it was established by DMME during lease negotiations that designation of an operator is necessary for DMME to fulfill its obligations as Lessee; therefore, the departure facilitates the issuance of the subject lease, which in turn facilitates the appropriate activities on the lease. Second, the departure is consistent with subsection 8(p) of the Outer Continental Shelf Lands Act. Third, the departure protects the environment and the public health and safety to the same degree as if there was no approved departure. Fourth, the departure does not impair the rights of third parties. Accordingly, the Designation of Operator is hereby approved and will become effective April 1, 2015.

Please do not hesitate to contact me at our main office number (703) 787-1300 if you have any questions.

Sincerely,

James F. Bennett
Program Manager
Office of Renewable Energy Programs

Enclosure

**OUTER CONTINENTAL SHELF (OCS) RENEWABLE ENERGY LEASE OR GRANT
DESIGNATION OF OPERATOR**

The lessee or grantee identified below is, on the records of the Bureau of Ocean Energy Management, a holder of the following lease or grant (check box and enter number):

Lease Number: QCS-A 0497 or Grant Number: _____

Regional BOEM Office: Atlantic OCS Region

and hereby designates:

Name: Virginia Electric and Power Company

Address: 120 Tredegar Street
Richmond, VA 23219

15042
Company Number of
Designated Operator

RECEIVED

MAR 16 2015

Office of Renewable
Energy Programs

as the operator and local agent (designated operator) with full authority to act on the lessee's or grantee's behalf to perform activities to comply with the OCS Lands Act, terms of the lease or grant, and applicable regulations. The designated operator agrees to comply with all terms and conditions of the lease or grant and regulations governing those activities and may be held liable and subject to penalties for its failure to comply during the time it was operator, notwithstanding its subsequent resignation. The Regional Supervisor or his representative may serve the designated operator written or oral instructions in securing compliance with the applicable regulations. This designation of operator is made with respect to the block(s) and/or aliquot part(s) described in Exhibit "A" attached hereto and made a part hereof.

It is understood that this designation of operator does not relieve the lessee or grantee of responsibility for compliance with the terms of the lease, grant, laws, and applicable regulations. It is also understood that this designation of operator does not constitute an assignment of any interest in the lease or grant. In case of default on the part of the designated operator, the lessee or grantee will make full and prompt compliance with all regulations, lease terms, or orders of the Secretary of the Interior or his representative. If there is a change in the designated operator, the lessee or grantee must provide written notice to the Regional Supervisor and identify the new designated operator within 72 hours. The lessee or grantee is the operator and responsible for compliance until BOEM approves designation of the new operator. The designated operator shall comply with the Department of the Interior's nonprocurement debarment and suspension regulations as required by 2 CFR Part 1400 and shall communicate the requirement to comply with these regulations to persons with whom it does business related to this designation by including this term in its contracts and transactions.

15014
Company Number of Lessee
3/9/2015
Date

Commonwealth of Virginia, Department of Mines, Minerals
and Energy
Name of Lessee or Grantee
[Signature]
Authorized Signatory of Lessee or Grantee

Conrad T. Spangler, III, Director, Virginia Dept. of Mines,
Minerals and Energy
Name and title typed or printed
[Signature]
Authorized Signatory of Designated Operator

3/13/2015
Date

Mark D. Mitchell, Vice President, Generation Construction,
Virginia Electric and Power Company
Name and title typed or printed

Paper work Reduction Act of 1995 (PRA) Settlement: The PRA (44 U.S.C. 3501 et seq.) requires us to inform you that BOEM collects this information to be informed of who is authorized to act on behalf of lessees to fulfill their obligations under the OCS Land Act, lease, and applicable regulations, and who is authorized to receive notices and comply with regulatory orders issued. Responses are mandatory (43 U.S.C. 1331 et seq.). No proprietary information is collected. 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. Public reporting burden for this form is estimated to average 1 hour per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. You may direct comments regarding the burden estimate or any other aspect of this form to the Information Collection Clearance Officer, Mail Stop HM-3127, Bureau of Ocean Energy Management, 381 Eiden Street, Herndon, VA 20170.

