

**Memorandum of Agreement
Between the
Bureau of Ocean Energy Management
And the
Bureau of Safety and Environmental Enforcement**

Assignments, Bonding, and Pipelines

I. Purpose

This Memorandum of Agreement (MOA) establishes the working relationship of the Bureau of Ocean Energy Management (BOEM) and the Bureau of Safety and Environmental Enforcement (BSEE) in managing certain activities associated with assignments, bonding, and pipelines. This MOA is intended to help both agencies minimize duplication of efforts, promote consistency in procedures and regulations, and resolve disputes. A separate, overarching Memorandum of Understanding describes the general relationship between the two bureaus. A series of standard operating procedures (SOPs) describes more specific roles and responsibilities of the two Bureaus and are designed to be updated as dictated by changing practices, law, regulations or technology.

II. Authorities

Both BOEM and BSEE derive authority to regulate certain activities on the OCS through the Secretary of the Interior. Secretarial Order 3299 assigned BOEM conventional and renewable energy-related management functions, including, but not limited to, activities involving leasing, plans, environmental studies, NEPA analyses, economic and reserves analyses, and geologic risk analyses. Secretarial Order 3299 also assigned BSEE's authority that includes, but is not limited to, permitting, environmental compliance, conservation compliance, engineering standards and regulations, oil spill response planning, inspections, enforcement, and investigations. Additionally, both agencies have responsibilities derived from Departmental regulations and delegations of authority issued to implement various statutes, including the Outer Continental Shelf Lands Act, the Clean Air Act, the Oil Pollution Act of 1990, the Energy Policy Act of 2005, and the Gulf of Mexico Energy Security Act of 2006.

III. Objectives

This MOA and associated SOPs have several objectives. Both bureaus will cooperate to enter and access data used in decisions on assignments, bonding, and pipelines. Both bureaus will work to ensure that data entered in the shared TIMS database regarding the designated operator and operating lease status are correct. Both bureaus are creditors and will share Notices of Bankruptcy. BSEE will enforce lease obligations and ensure compliance with lease obligations, including the requirement to perform decommissioning. BSEE will use the best available scientific and technical information and methodology to assess lease liability and determine decommissioning cost estimates so that the financial assurance required by BOEM will be sufficient to cover the

estimated cost to perform decommissioning and protect the government from incurring financial loss to the maximum extent practicable. BOEM requires financial assurance to guarantee compliance with lease obligations by insuring that supplemental bonding decisions are based on the best available scientific and technical information that assesses decommissioning obligations and lease liability in a manner that protects the government from incurring financial loss to the maximum extent practicable. Finally, BSEE will use data in the TIMS components related to Company and Bonding in the processing of Pipeline Right-of-Way Grant Applications, Modifications, Assignments, and Relinquishments to conduct technical reviews and bonding verifications. BOEM will insure TIMS components related to Company and Bonding information are updated to correctly reflect qualification and bonding actions.

IV. Contacts

BSEE and BOEM Regional Directors

BSEE

Chief, Technical Data Management Section (GOMR)
Regional Supervisor, Production and Development (GOMR and POCS)
Chief, Development and Unitization (GOMR)
Chief, Pipelines Section (GOMR)
Chief, Regional Operations Section (POCS)
Chief, Environmental Enforcement Division
Regional Environmental Officer (POCS)

BOEM

Chief, Leasing Data Management Section
Chief, Leasing and Plans (GOMR)
Chief, Leasing and Plans (AK)
Chief, Leasing Management and Plans (POCS)
Chief, Office of Financial Responsibility
Chief, Adjudication Section
Chief, Environmental Assessment Division

V. Responsibilities

Both bureaus shall ensure timely data entry into TIMS and effective quality control of that data. Both agencies shall share information regarding Notices of Bankruptcy and coordination with the Solicitor and the Department of Justice. Both BOEM and BSEE personnel shall monitor relevant activities to determine if an event has occurred that would require a new or re-evaluation of lease liability or supplemental bonding. For an evaluation, BSEE calculates lease liability and the decommissioning cost, BOEM determines financial strength and reliability and the amount of the bond. Either bureau may determine if a default of lease obligations has occurred and must notify the other bureau. BOEM calls bonds and forfeits security. BSEE ensures forfeited funds are used for decommissioning and compliance with lease obligations in the event of a default.

BOEM will maintain Company and Bonding information which BSEE will use in processing Right-of-Way Grants, Modifications, Assignments, and Relinquishments. BSEE will also use this data for technical reviews and bonding verifications for ROWs.

VI. Modifications and Interpretations

Modifications to this MOA shall be made by written consent of both Bureaus' Deputy Directors.

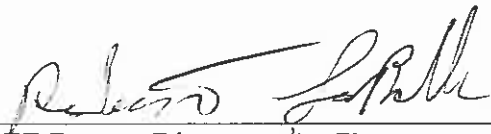
Interpretations of this MOA should be consistent with the stated goals and purpose. For specific actions, Bureaus should clarify their roles and responsibilities in SOPs. The SOPs may be modified with the written consent of both Bureaus' appropriate Regional Director or Senior Executive.

VII. Signatures



BOEM Deputy Director

10/3/11
Date



BSEE Deputy Director, *Acting*

10/3/11
Date