



Follow That Form!

An Offshore Lease Adjudication Workshop



Hosted by the Bureau of Ocean Energy Management
(BOEM)

Hyatt Regency Houston
January 22, 2016



- Background on BOEM
- Background on National Adjudication Team
- Scope and structure of the National Adjudication Workshop
- Agenda of the Day
- Breakout Tables
- Beyond the Workshop—Following up with BOEM
 - Workshop Participants and Contacts
 - Presentations and Materials



Workshop Benefits

- Introduction to BOEM Adjudication Team and nationalization concept
- Comprehensive view of all BOEM adjudication processes and relationship to BOEM mission
- Opportunity to engage in discussion about BOEM requirements and stakeholder needs
- Contact information for BOEM adjudicators to ensure follow-up after workshop



- The adjudication workshop is also consistent with the following BOEM core values:
 - Responsible Stewardship
 - Integrity and Ethics
 - Public Involvement and Transparency
 - Internal Support for the Mission



*“(T)he outer Continental Shelf is a **vital national resource reserve held by the Federal Government for the public, which should be made available for expeditious and orderly development, subject to environmental safeguards, in a manner which is consistent with the maintenance of competition and other national needs**”*
[emphasis added]

Outer Continental Shelf Lands Act
Sec. 3.(3)

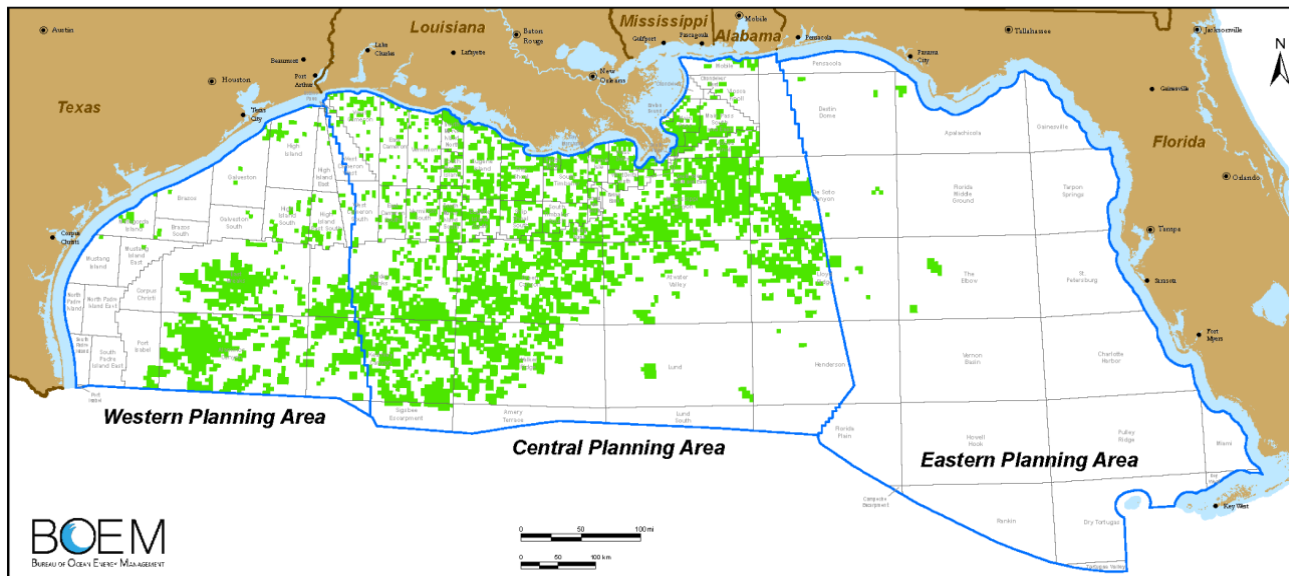


The Bureau of Ocean Energy Management (BOEM) promotes energy independence, environmental protection, and economic development through responsible, science-based management of offshore conventional and renewable energy resources.



- Over 50 years experience in regulating offshore oil and gas operations
- Responsible for 1.7 billion acres on the Outer Continental Shelf (OCS)
- Administers over 27 million leased acres; 5,030 active leases
- Approximately 3,200 production structures with over 34,000 wells
- Over 121 different companies operating on the Federal OCS

**BOEM Gulf of Mexico OCS Region
Blocks and Active Leases by Planning Area
January 4, 2016**



- In 2014, BOEM initiated the nationalization of the lease adjudication program in response to a 2013 internal review of BOEM's adjudication operations in the regions.
- The objectives of the nationalization effort are to:
 1. More efficiently manage workload,
 2. Ensure continuity of operations,
 3. Establish an adjudication community of practice throughout BOEM for both conventional and renewable leasing, and
 4. Seamless processing of adjudication items.



- The BOEM Adjudication Team includes representatives from BOEM's:
 - Alaska, Gulf of Mexico, and Pacific Regions
 - As well as BOEM Headquarters (Office of Strategic Resources and Office of Renewable Energy Programs).
- In 2015, the Department of the Interior's Office of Inspector General noted the BOEM Adjudication Program as a "Promising Practice".



- The BOEM Adjudication Team is holding this workshop today as part of an internal good governance initiative.
- Team members throughout the day will describe their collaboration with adjudicators across BOEM, including innovations in internal communication and work sharing.



- Workshop is intended to:
 1. Facilitate discussions on adjudication issues and
 2. Provide an opportunity for industry to interact directly with BOEM lease adjudicators from all three regions (Alaska, Gulf of Mexico, and the Pacific).



- Workshop Structure:
 1. Overview of BOEM's lease adjudication program
 2. High level overview of best practices for lease adjudication actions
 3. Breakout sessions on a range of lease adjudication topics



- 8:00am: Doors Open
- 8:15am: Opening Remarks – Jaron Ming
- 8:30am: Quals/Qual Updates - Bernadette Thomas
- 9:00am: Name Changes/Business Conversions/Mergers - Gene Thibodeaux
- 10:00am: Break
- 10:15am: General Rules - Bernadette Thomas
- 10:45am: Required Non-Required Filings/Relinquishments - Johanna Lae
- 11:00am: DOOs - Deanna Benedetti
- 11:30am: Lunch
- 12:30pm: Record Title/Operating Rights - Kaitlin Simenson
- 1:30pm: Final Group Q&A Session
- 2:00-4:00pm: Breakout Tables - All adjudicators



- In the afternoon session, there will be additional opportunities for engagement.
 - Breakout tables with subject matter experts.
- The breakout sessions will provide participants an opportunity to discuss specific offshore lease adjudication processes in greater detail.
- In addition, a representative from our Office of Renewable Energy Programs will be available to discuss issues related to offshore renewable energy leases.



- Breakout tables will be located in both meeting rooms.
- The breakout tables will be organized accordingly:
 - Qualifications/Qualifications Update
 - Name Changes, Mergers and Business Conversion
 - Non-required/Relinquishments
 - Record Title Assignments/Operating Rights/DOO's
 - General Rules/Renewable Energy



- E-mail: boemadjudication@boem.gov (group inbox).
 - Please include the type of action you are inquiring about in the subject line, (i.e. *Record Title, Operating Rights, Merging of Interest, DOO, Relinquishment, Non-Required Filings, Certified Copies, New Qualification, Qualification Update, Address Change, Name Change, Business Conversion, Merger, and Lease Status*).
- Presentations will be posted on BOEM’s website (www.boem.gov)





**Follow That Form:
Adjudication Section Procedures
Qualification Actions, Assignments,
Designations of Operator, Relinquishments
and Required Non-Required Filings**

Presented by:

BOEM's National Adjudication Team (A-Team)





New Qualifications and Qualification Updates



- Whether one acquires a lease interest directly from the United States at a lease sale or through assignment from a current lessee or is a designated operator, the acquiring entity/party must qualify as an OCS lessee per 30 CFR 556.35.
- Examples of the types of entities allowed by BOEM are as follows: Individuals, Corporations, Partnerships (General and Limited), Limited Liability Companies, and Trusts. Additional procedures to qualify each of the entities can be found in the Oil and Gas Leasing Procedures Guidelines located at: <http://www.boem.gov/Oil-and-Gas-Energy-Program/Leasing/Regional-Leasing/Gulf-of-Mexico-Region/Bonding.aspx>.



- Cover letter stating what type of business entity is being qualified.
- Cover letter and other documents must clearly state how the name of the entity is to be styled, including capitalization and punctuation.
- Authorized consultants must have letters of appointment by the company on the company's letterhead or stationery.



- Authorized signatory's names and titles must be consistent between Incumbency and Resolution/other documents.
- Exercise caution in listing the officer titles with dual jobs, i.e. President and Chief Executive Officer.
- Agents and attorney's-in-fact delegated via a document filed with BOEM with an expiration date will be removed from the qualification record once the expiration date has occurred.



- Agents and attorney's-in-fact appointed through company action such as board of directors resolution, incumbency, or secretary's certificate can only be removed by same or similar action.
- Agents and attorneys-in-facts appointed via a document without an expiration date, can only be removed via a revocation filed with BOEM.
- Do not list financial thresholds in powers of attorney, i.e. approved for transactions between one and three million dollars.



- Indicate in cover letter where and to whom approval letter is to be mailed.
- Ensure use of correct entity when defining the “Company”.
- All certificates must be signed by the highest level of governance. The certificates of a corporation can be signed by the Corporate Secretary.
- The highest level of governance is dictated by the company operating agreement. Said agreement is submitted with the new qualification package.



Qualification Updates are required for the following types of actions:

- Change of address.
- Entity is seeking to change the state of domicile.
- Entity is changing one of its member(s), general and/or limited partner(s), trustee(s), and/or officer(s).
- The qualified entity has been sold, acquired, changed ownership or filed for or seeking protection via bankruptcy.
- Updating names and/or titles of authorized signatories.



- Must be on Company letterhead with corresponding BOEM qualification number.

Exception: Submitted by a third party if the third party provides a letter of authorization.

- Please include the email address of the submitter. BOEM now returns approved qualification updates electronically.

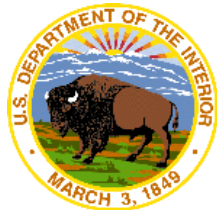




Qualifications involving Name Changes



- Cover letter stating the submission is a change of name and notation of the effective date of the name change.
- Exhibit “A” must include all active Record Title, Operating Rights, ROWs and RUEs broken down by region.
- For each active bond, general and supplemental, a rider shall be submitted which changes the name of the principal on the original bond. You can also submit a “replacement bond”.



- Updated Oil Spill Financial Responsibility (OSFR) forms reflecting the new Designation of Applicant and/or Responsible party name as applicable.
- All documents must be filed together as one package.
- All certificates must be signed by the highest level of governance. The certificates of a corporation can be signed by the Corporate Secretary.
- The timely filing of all name changes with BOEM will facilitate the uninterrupted transfers interest.





Qualifications involving Business Conversions



- Cover letter stating the submission is a business conversion and notation of the effective date of the name change.
- Exhibit “A” must include all active Record Title, Operating Rights, ROWs and RUEs broken down by region.
- For each active bond, general and supplemental, a rider shall be submitted which changes the name of the principal on the original bond. A replacement bond is also an option.



- BOEM policy treats the business conversions as a combination of a new qualification and name change.
- All documents must be filed together as one package.
- All certificates must be signed by the highest level of governance. The certificates of a corporation can be signed by the Corporate Secretary.
- The timely filing of all name changes with BOEM will facilitate the uninterrupted transfers interest.





Qualifications involving Mergers



- Transmittal letter must indicate the submission is a merger and set out the effective date of the merger.
- Merger of an unqualified company into a BOEM qualified company does not have to be filed with BOEM unless the merger affects the structure of the qualified company.
 - Example: Unqualified corporation merges with a BOEM qualified corporation and BOEM qualified corporation converts to a LLC or other structure. In this example, the Business Conversion must be filed with BOEM.
- Merger of two BOEM qualified companies must be filed with BOEM.



- The surviving entity is the certifying party for the required certificates in a merger.
- Exhibit “A” must include all active Record Title, Operating Rights, ROWs and RUEs broken down by region.
- For entities merging out of existence, the surviving entity must submit an application for RUEs held by previous operator.
- Mergers require all bonds on file with the merged entity as principal be cancelled. This covers general bonds and if applicable, supplemental bonds.



- The surviving entity must provide replacement general and supplemental bonds unless it is exempt from supplemental bonding.
- All bonds, riders (if applicable), Oil Spill Financial Responsibility forms must be submitted to the Adjudication Section together with the merger package.
- All documents must be filed together as one package.
- The timely filing of all mergers with BOEM will facilitate the uninterrupted transfers interest.





General Rules



- The transmittal (cover) letter must accompany all assignments, relinquishments, designations of operator, eWell, and qualification actions. This provides BOEM with contact information should we have any questions.
- It must:
 - Be executed by a representative of one of the parties to the action. On the letterhead or stationery of one of the parties to the transfer and/or assignment, or an authorized consultant.
 - Identify the parties to the action with their qualification numbers and the lease(s) affected.



- All parties must be qualified by BOEM.
- Assignee(s) must be:
 - in good standing with BOEM
 - with acceptable performance as provided under 30 CFR 556.
- All forms must be typed.
- Witnesses, notarial acknowledgments and corporate seals are not required on BOEM Forms 0150/0151/0152 and 1123.
- Witnesses and corporate seals are required on BOEM bond forms 2028/2030 and 2028A.



- The lease number must be typed exactly as it appears on the lease instrument. **It must:**
 - Be identical to the lease instrument with regard to either “OCS” or “OCS-G.”
 - Match exactly the number of leading zeros, if any.

| Examples: | Lease Reflects: | Incorrect: |
|------------------|-----------------|-------------|
| | OCS-G 2113 | OCS-G 02113 |
| | OCS-122 | G 00122 |

- Any forms submitted that contain an incorrect lease number will be returned to the submitter and will be subject to additional fees. Please refer to https://www.data.bsee.gov/homepg/data_center/other/WebStore/pimaster.asp?appid=11 for scanned lease images.



- All legal descriptions must include the block number and the area name identified on the lease instrument.
- Must include additions, extensions (e.g., Eugene Island Area, South Addition)
- Only include the word “Area” if it appears on the lease.



- Split Blocks/Partial Blocks must include the specific language that describes the portion of the block
(i.e., “. . . seaward of the 1975 Supreme Court Decree Line . . .” or “That portion of....”)
- The official map description is not required; however, if it’s included, it must be correct and exact
(i.e., “. . . OCS Leasing Map, Louisiana Map No. 4A.”)



- The signature blocks must contain the name of qualified parties exactly as they appear in the qualification documents on file with BOEM.
- The BOEM Qualification Number must follow the name (i.e., ABC Oil Company, Inc. (12345)). Leading zeros are not required, but acceptable.



Assignor Name: _____
Assignor Qualification No.: _____

By: _____
Signatory Name: _____
Signatory Title: _____

Execution Date

Assignee Name: _____
Assignee Qualification No.: _____

By: _____
Signatory Name: _____
Signatory Title: _____

Execution Date

Assignor Name: _____
Assignor Qualification No.: _____

By: _____
Signatory Name: _____
Signatory Title: _____

Execution Date

Assignee Name: _____
Assignee Qualification No.: _____

By: _____
Signatory Name: _____
Signatory Title: _____

Execution Date



Insert name and Company number of each Lessee

LESSEE:

LESSEE:

By: _____

By: _____

Name:

Name:

Title:

Title:

Execution Date

Execution Date

Attach Notary Acknowledgement (not mandatory)

Paperwork Reduction Act of 1995 (PRA) Statement: The PRA (44 U.S.C. 3501 *et seq.*) requires us to inform you that we collect this information to use in the adjudication process involved in leasing and lease operations. BOEM uses the information to track ownership of leases in the Federal OCS. Responses are mandatory (43 U.S.C. 1334). Proprietary data are covered under section 26 of the OCSLA, 30 CFR 556.10 and in accordance with regulations in 30 CFR parts 550, 551, and 552. 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. Public reporting burden of 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. Comments regarding the burden estimate or any other aspect of this form should be directed to the Information Collection Clearance Officer, Bureau of Ocean Energy Management, 45600 Woodland Road, Sterling, Virginia 20166.



General Rules - Signature Block

Qualification Number of
Lessee/Operating Rights Owner

Name of Lessee/Operating Rights Owner

Date

Authorized Signature of Lessee/Operating Rights Owner

Signer's Name: _____

Signer's Title: _____

Paperwork Reduction Act of 1995 (PRA) Statement: 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 the lessees/operating rights owners to fulfill their obligations under the OCS Lands 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 30 minutes 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, Bureau of Ocean Energy Management, 45600 Woodland Road, Sterling, Virginia 20166.

Form BOEM-1123 (December 2013)
Previous Editions are Obsolete.

Page 1 of 1



- Must have the signature of authorized qualified parties.
- The signatory must:
 - Be authorized under the company qualification documents on file with BOEM.
 - Execute in accordance with qualification documents (signatory must sign his or her name exactly as reflected in the BOEM qualification documents.)



- The signatory's name must be *typed* under the signature exactly as it appears in the BOEM qualification documents.
- The signatory's title must be *typed* under the signature exactly as it appears in the BOEM qualification documents.
- No variations or abbreviations of names or titles of the signatory will be accepted.



- All filings must have the correct names of all parties with their correct BOEM qualification numbers.
- All names must be entered exactly as they appear on file with BOEM.
- Punctuation and capitalization, and the use of “and” or “&” must be exact.
- No variations or abbreviations of names are accepted.



- The letter can be signed by any company representative or a third party if the third party provides a letter of authorization from the qualified party.
- When using generic corporate letterhead, a subsidiary must clearly identify itself by typing its name in the *signature block*.
- Regardless as to the submitter, the BOEM qualification number must be included on the cover letter.



- All actions subject to service fees must include a copy of the Pay.gov receipt. This includes Assignment of Record Title and Operating Rights, Designations of Operator and Non-Required filings.
- BOEM *does not* accept cash, checks, money orders, or cashier's checks.



Fees are adjusted for inflation.

- The current fee for a transfer of interest is \$198.00.
- The current fee for a change in Designation of Operator is \$175.00.
- The current fee associated with filing a Non-Required document is \$29.00 per document, per lease affected.



- All assignments must be accompanied by the following additional forms, if applicable:
 - Designation of Operator
 - Oil Spill Financial Responsibility, and
 - General and/or Supplemental Bonds
must be sent directly to the Leasing & Financial Responsibility Section – Carrol Williams, Section Chief



Before BOEM will approve Assignments, Designations of Operator or accept Relinquishments, all bonding requirements must be met per CFR 556.52 and 556.53.



All record title and operating rights assignment forms must be filed with the Bureau of Ocean Energy Management within ninety (90) days after the last date of execution by an Assignor or an Assignee, per 30 CFR 556.64(a)(2)



If an Assignment is returned because it is filed after 90 days of the last date that a party executes the form, you may:

- Have one party execute a new Page 2 of the assignment form with a current date
- Strike through the party's old execution
- Attach the new updated execution as a counterpart
- Provide proof of additional Service Fee with revised submission



- Assignments in which the Assignee is on the Restricted Joint Bidders List will be forwarded to the Department of Justice for review, prior to approval (30 CFR 556.65).
- Assignments filed in the Alaska/Pacific region must undergo an anti trust review by the Department of Justice prior to approval.
- Some delay should be expected in awaiting notification of approval for such assignments.





Filings for Record Purposes /“Non-Required” Filings

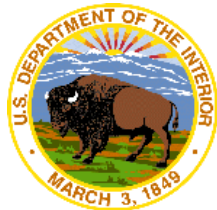


Filings for Record Purposes /“Non-Required” Filings:

- All documents submitted for filing in the “Non-Required” records (including documents involving overriding royalties, production payments, and net profits) must be accompanied by a receipt evidencing payment of the required service/filing fee via Pay.Gov (the U.S. Treasury’s government-wide collection portal).
- [Pay.Gov](#) was developed specifically to process collections electronically using Internet technologies.



- Effective September 24, 2008, the BOEM published a final rule requiring all lessees, operators, permittees, and right-of-way holders to pay all fees electronically.
 - BOEM does not accept cash, checks, money orders, or cashier's checks for payment of fees. The Final Rule also adjusts certain cost recovery fees for inflation.
 - The Final Rule may be found at: <http://www.mms.gov/federalregister/PDFs/FinalRulePUBFR8-25-08.pdf>
- Please note the current service fee is \$29.00 **per document, per lease affected** (i.e., one document that affects 3 leases will cost \$87.00 to file for record purposes).



- Each submission must include a cover letter that includes: category name and corresponding category number, contact name, address and phone number of submitter along with all affected lease numbers.

Categories:

1 = Mortgage, Deed of Trust, Security Agreement

2 = Release of Mortgages and Liens

3 = UCC Filings and Financial Statements

4 = Abstract of Judgment

5 = Overriding Royalty, Production Payment, Net Profit

6 = Liens and Lien Affidavit

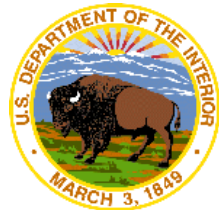
7 = Contracts, Agreements, and Conveyances

8 = Miscellaneous

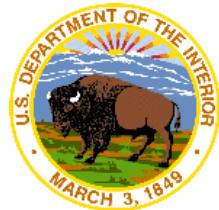
98 = Pipeline Filing Document

99 = Non-Specific Document Filings

- Submittals that do not include the information set forth above will be returned



- **Service Fee Payments:**
 - [Pay.Gov](#) is the only acceptable form of payment for service fees associated with filings in the Adjudication Unit.
 - When using [Pay.Gov](#) you may pay via credit card or ACH payment.
 - Credit card payments are credited instantly; however, ACH payments must clear the bank.
 - If an ACH payment is declined by a bank, the work associated with the payment will be returned, unprocessed, and future submittals paid for via ACH by that party will be held (normally up to 10 days) pending confirmation by the bank of the ACH payment.
- On February 2, 2013, service fees were adjusted for inflation. Please note that the Adjudication Unit no longer accepts work submitted with [Pay.Gov](#) receipts dated prior to this date. All work must be accompanied by [Pay.Gov](#) receipts reflecting the current service fees.



- **Updating/Correcting Filings for Record Purposes/"Non-Required" Filings**
 - Once a document is filed with BOEM for record purposes, commonly referred to as "Non-Required Filings," it will *not* be removed from the record in which it is filed.
 - If the party who filed a document for record purposes provided any incorrect information in which to file the document, they will have to re-file the document with the correct information and such re-filing is subject to additional service fees.
 - Cancellations of mortgages, liens, etc. can be filed for record purposes; however, the original mortgage, lien, etc., that has been cancelled will *not* be removed from the record.





Relinquishments

BOEM Form 0152



Completing Relinquishment Form BOEM-150

“RELINQUISHMENT OF FEDERAL OCS OIL AND GAS LEASE”

How to obtain an approval

This form and instructions can be found at

<http://www.boem.gov/BOEM-0152/>



- Relinquishment forms must be typed and filed in triplicate originals.
- The OCS Lease Number must be included in the complete legal description of the lease being relinquished.
- All record title owners (lessees) must execute the relinquishment.
- The company number must be identified next to the name of each record title owner (lessee).



- The effective date of the relinquishment is the date the document is filed and accepted in the appropriate OCS regional office of BOEM.
- Pending assignments are processed prior to the relinquishment.
- No relinquishment can be approved with an uncovered decommissioning liability.
- Relinquishments must be received in our office by the last working day of the month in order to be approved within that month.





Designations of Operator

BOEM Form 1123



Completing Relinquishment form BOEM 0152

“DESIGNATION OF OPERATOR”

How to obtain an approval

- Form BOEM-1123 must be used for designating an operator. This form can be found at:
<http://www.boem.gov/Form-BOEM-1123/>
- Instructions for completing form BOEM-1123 can be found at <http://www.boem.gov/Instructions-BOEM-1123-Gulf-only/>. These instructions are applicable to designations for all BOEM regions.



Guidelines for Changes to the Designation of Operator of an OCS Oil and Gas or Sulphur Lease can be viewed at:

<http://www.boem.gov/BOEM-NTL-No-2014-G02/>



Per 30 CFR 550.143, (a) You must provide the Regional Supervisor an executed Designation of Operator form (Form BOEM- 1123) unless you are the only lessee and are the only person conducting lease operations. When there is more than one lessee, each lessee must submit the Designation of Operator form and the Regional Supervisor must approve the designation before the designated operator may begin operations on the leasehold.



- Designation of Operator forms must be typed and filed in duplicate originals.
- New owners in the lease must submit Designation of Operator forms designating the current operator(s) that operate in the area in which they are acquiring an interest, unless a change of the current operator is desired.
- If the current operator(s) has not designated itself, it must do so along with the next filing with BOEM or the action will be rejected.



- If an assignment results in a change of operator, the Assignment must contain:
 - Two originally executed Designation of Operator forms from each “affected lessee” submitted simultaneously
 - A separate pay.gov receipt for the service fee to change the Operator
- The Assignment, DOOs, and fee must be submitted as one package. No piecemeal filings will be accepted. However, we do accept DOOs filed only to bring a lease into *compliance* with 30 CFR 550.143.



“Affected Lessees” for a change of operator are:

- all record title owners; and
- the applicable operating rights owners who own an interest in the area affected by the change in operator.

The current fee for the processing a change in designation of operator is \$175.00 per change (regardless of number of parties). Payment must be made via www.pay.gov and evidence of payment provided along with submittal.



- The DOO form must contain:
 - The name of the designated operator, entered exactly as it appears in the BOEM qualification files.
 - The correct BOEM qualification number of the designated operator.
 - Name and title of the person signing for the lessee designating the Operator.
- The description of the area to be operated:
 - Must include the block number and the area name, including additions and extensions.
 - Only use the word “Area” if it appears in the description on the lease instrument.
 - Use extra pages for the description if needed but must check box on front of form.



- Descriptions with “less and except” language are not acceptable.
 - If the area to be operated does not cover all of the block, **do not** use the language “All of the Block” and then narrow it down by limiting it to certain aliquots.
- Aliquot portions must be described using $\frac{1}{2}$ or $\frac{1}{4}$ only, no $\frac{3}{4}$ or $\frac{1}{3}$ descriptions allowed.
- The smallest aliquot portion that can be designated is $\frac{1}{4}$ $\frac{1}{4}$ $\frac{1}{4}$ of the lease block.



DOOs must include all areas of the lease to be operated by a particular operator, in relation to what the lessee owns. A lessee cannot designate for more than it owns.

- May contain depth limitations applicable to the entire lease or to an aliquot part.
- Must be described using Total Vertical Depth Sub Sea (“TVDSS”). Depths that are described by measured depth, stratigraphic equivalent, and/or that recite information from well logs are considered “**non-conforming**” depth measurements and are not acceptable.



The only exceptions are:

- Operating Rights tracts previously approved by BOEM that contain non-conforming depth measurements.
 - When designating an operator in connection with such Operating Rights tracts, you must use the non-conforming depth measurements used in the previously approved Assignment/DOO.

For new operating rights tracts that will be contiguous with a previously approved operating rights tract, the depth of the new tract that will abut the previously approved tract must be described using the same type of measurement as the existing tract on the DOOs.



- BOEM will approve requests that designate an operator of an individual well or multiple wells. Well-specific DOOs should describe the smallest aliquot in which a well's original bottom hole is located, the well's name, and API number(s). If an API number(s) is not yet assigned, BOEM requests that you provide updated Forms BOEM-1123 when the API number(s) is assigned.
- When BOEM approves a change of operator, the new designated operator becomes responsible for all wells within the described lease or aliquot part(s).



- If a lease has an Operator designated and approved to operate individual well(s), it is considered “Grandfathered” in until new designation of operator forms are filed.
- The new DOOs can be filed to change an operator or, in conjunction with an assignment to a new interest owner.



- When the new DOOs are filed, the operator must be designated by describing the smallest aliquots (no less than $\frac{1}{4}$ $\frac{1}{4}$ $\frac{1}{4}$) associated with the well(s).
- You must designate down to the original bottomhole depth, not the producing zone and/or plug back depths.



BOEM does not allow changes of Operators on expired, relinquished or terminated leases.

- Exceptions
 - Bankruptcy of the last Operator of an expired, relinquished or terminated lease where the Operator can no longer fiscally operate.
 - Handled on a case-by-case basis.
 - Must contact BOEM Risk Management Bankruptcy Coordinator, Paul Arceneaux at (504) 736-7549.



- The Operator at the time the lease became inactive is the only entity that can file applications for permits to:
 - Plug and abandon existing wells.
 - Remove existing platforms.
- The operator of the inactive lease may:
 - File the applications for permits to perform the necessary work.
 - File the applications for permits and allow another party to perform the necessary work on a contract basis.
 - Designate another party as a local agent to file the applications for permits.



- The Operator may designate a local agent in the Electronic Well Permitting and Reporting System (eWell), as per 30 CFR 250.145(b). The local agent can be another lease operator.
- eWell forms can be found at [http://www.bsee.gov/uploadedFiles/BSEE/Regulations and Guidance/Notices to Lessees/2014/eWell%20Permitting%20and%20Reporting%20System%20Application%20Manual.pdf](http://www.bsee.gov/uploadedFiles/BSEE/Regulations%20and%20Guidance/Notices%20to%20Lessees/2014/eWell%20Permitting%20and%20Reporting%20System%20Application%20Manual.pdf)



- The Operator:
 - Must first have an eWell Administrator before they can designate a local agent for eWell.
 - Can request an eWell Administrator by submitting a completed eWell Administrator Request Form included in the NTL No. 2014-N03.
 - The eWell Administrator may set up the entitlements for the agent to limit access to a lease or well.
 - Please note that all eWell forms must have original signatures.
- Additional help is provided for the Administrator in eWell online tutorials located on BSEE's website.





Assignment of Record Title Interest

BOEM Form 0150



Completing Assignment Form BOEM-150

***“Assignment of Record Title Interest in Federal OCS
Oil and Gas Lease”***

How to obtain an approval

This form can be found at <http://www.boem.gov/BOEM-0150/>.

The instructions can be found at <http://www.boem.gov/BOEM-0150-0151-instructions/>



- Assignment forms for record title interests must be filed in duplicate originals.
- Separate assignment forms must be used for:
 - each lease
 - each officially designated subdivision in a lease, e.g., in a lease wherein record title has been divided into subdivisions.



- BOEM will not review or approve assignment forms in excess of the two required.
- If you submit more than the required two originals, the additional copies will be returned with the approved/rejected assignment.



- The lease effective date can be typed using the following month/day/year formats, i.e. 12/13/89, December 13, 1989 and 13-DEC-1989.
- Any forms submitted with an incorrect effective date format will be returned to the submitter and automatically incur an additional service fee.



- Description must indicate whether all of the block or a portion of the block is being assigned.
- Portion of the block assigned must be described in $\frac{1}{2}$ or $\frac{1}{4}$ aliquots only – no $\frac{3}{4}$ or $\frac{1}{3}$ descriptions allowed (unless grandfathered).



- The smallest aliquot part that can be used is $\frac{1}{4} \frac{1}{4} \frac{1}{4}$ of the block (i.e. NW/4 NW/4 NW/4), unless grandfathered.
- If a partial relinquishment changed the area covered by the lease after it was issued, provide the up-to-date description.



- Description contained in the lease instrument should be used. Please refer to https://www.data.bsee.gov/homepg/data_center/other/WebStore/pimaster.asp?appid=11 for scanned lease images.
- When the lease description states “. . . specifically described in the following OCS Block Diagram,” your description may include “. . . specifically described in the OCS Block Diagram attached to the lease instrument.”
- Do not include the original OCS Lease Block diagram with the assignment.



Assignments of Record Title Interest - Less than the Entire Block

- “Less and Except” language is not acceptable.
- If new record title rights do not cover all of the block, do not use the language “All of the Block”.



- Names of all parties, with their qualification numbers in parentheses, must be on page 1 **and** in the signature blocks on page 2.
- Names must be entered exactly as they appear in the qualification records with BOEM.



- The forms allow up to five Assignor names and up to five Assignee names.
- Where there are “overflow parties:”
 - Fill out all portions of an additional Page 1 of the form.
 - In the fifth space provided on each additional Page 1, type the following “*Additional parties to this assignment are listed on the attached counterpart Page 1.*”
- File all counterparts simultaneously.



- Enter the interest assigned and received expressed as a percentage of total interest in the lease (or officially designated subdivision of lease assigned).
- Undivided interests may be expressed using a maximum of five decimal places (22.12345%).
- The total of the interest being transferred by Assignor(s) must equal total interest being received by the Assignee(s).



- All other provisions between Assignor(s) and Assignee(s) must be attached to the assignment form as Exhibit “A.”
- If an Exhibit “A” box is checked and no attachment is filed, the action cannot be processed.



- In the middle of Page 2 you may enter an effective date for the assignment.

This Assignment of Record Title Interest will be made effective between the parties hereto as of , upon approval by the Bureau of Ocean Energy Management, United States Department of the Interior.

- If an effective date is not entered, the assignment shall be deemed to be effective on the first day of the lease month in which the filing occurred per 30 CFR 556.62 (c).
- BOEM does not accept future effective dates.
- BOEM does not accept effective dates that precede the lease effective date.



- Counterparts may be used if all parties to an assignment are not able to be present at the same time for signing or if there are more parties to an assignment than there are signature blocks available (“overflow parties”).
- Use counterparts only when necessary to minimize the number of pages BOEM processes and files, please.



Rules:

- All counterparts must be filed simultaneously or the assignment will not be accepted.
- For counterpart signatures use only additional copies of Page 2 of the form.
- Use of multiple copies of Page 1 of the form is only allowed when there are overflow parties – more than five Assignors or more than five Assignees.



- When an assignor assigns 100% of its record title interest in a subdivision of a lease (i.e., the NE $\frac{1}{4}$ of lease block), this assignment creates a new or segregated lease (30 CFR 556.68).
- The lease being segregated from the original lease may receive the new OCS number.
- Any newly segregated lease must be covered by the necessary financial assurance.



- The assignee becomes a lessee of the Government and is bound by the terms of the original lease as though the lease had been obtained from the United States in the assignee's own name.
- A new lease instrument is not issued upon segregation.
- The assignment, after it is approved, shall be the basis of a new record.



- When record title has been subdivided into tracts but there is common ownership throughout the tracts, the lease will not be segregated.
- On occasion, when attempting to transfer interest in such a lease, an unintentional segregation could be effected.
- Although uncommon, a lease could be segregated into more than two(2) leases.



Record title in a lease has been subdivided into two tracts with the following ownership:

$N\frac{1}{2}$ (Company A = 50% and Company B = 50%)

$S\frac{1}{2}$ (Company B = 50% and Company C = 50%)

The common ownership of Company B is keeping the lease from being segregated.



If Company B seeks to transfer all of its interest to Company D, they will be required to file separate assignment forms for each subdivision (one for the N ½ and one for the S ½).

After processing the first assignment form, there will no longer be common ownership in the subdivisions; therefore, the lease will be segregated.



In order to avoid this, you must:

- File the transfers simultaneously.
- State in your cover letter that, after approval of all assignments, there will still be common ownership in all subdivisions and request that the lease not be segregated.





Assignment of Operating Rights Interest

BOEM Form 0151



Completing Assignment Form BOEM-0151

“Assignment of Operating Rights Interest in Federal OCS Oil and Gas Lease”

How to obtain an approval

This form can be found at <http://www.boem.gov/BOEM-0151/>

The instructions can be found at <http://www.boem.gov/BOEM-0150-0151-instructions>



- Assignment forms for operating rights interest must be filed in duplicate originals.
- Separate assignment forms must be used for each operating rights subdivision.
- BOEM will not review or approve assignment forms in excess of the two required.
- If you submit more than the required two originals, the additional copies will be returned with the approved assignment.



- In the middle of Page 2 you may enter an effective date for the assignment.

This Assignment of Operating Rights Interest will be made effective between the parties hereto as of _____ upon approval by the Bureau of Ocean Energy Management, United States Department of the Interior.

- If an effective date is not entered, the assignment shall be deemed to be effective on the first day of the lease month in which the filing occurred per 30 CFR 556.62 (c).
- BOEM does not accept future effective dates.
- BOEM does not accept effective dates that precede the lease effective date.



- All other provisions between Assignor(s) and Assignee(s) must be attached to the assignment form as Exhibit “A.”
- If an Exhibit “A” box is checked and no attachment is filed, the action cannot be processed.



- An assignment of operating rights by any record title owner will cause all record title holders to be treated as if they had also separated the assigned operating rights from their record title rights.
- Subsequently, whenever a record title holder in such a situation desires to transfer all or a portion of its interest in the entirety of the lease, at least two assignments will be required:
 - one to cover the record title interest; and
 - one or more to cover the severed operating rights.



- BOEM allows a maximum of two vertical depth subdivisions, shallow and deep.
- Shallow and deep rights must be contiguous.
- All new operating rights assignments must have a defined beginning and ending depth.

Examples: 0 (surface) – 10,000 feet Total Vertical Depth Sub Sea(TVDSS) 10,000 feet TVDSS – 20,000 feet TVDSS



- Operating Rights Interest must be described using TVDSS. Depths that are described by measured depth, stratigraphic equivalent, and/or that recite information from well logs are considered “non-conforming” depth measurements and are not acceptable.

The only exceptions are:

Operating Rights tracts previously approved by BOEM that contain non-conforming depth measurements.

- For assignments of such Operating Rights tracts, you must use the same non-conforming depth measurements used in the previously approved assignment; and
- When designating an operator in connection with such Operating Rights tracts, you must use the same non-conforming depth measurements used in the previously approved assignment and/or DOO.



- For new Operating Rights tracts that will be contiguous with a previously approved operating rights tract, the depth of the new tract that will abut the previously approved tract must be described using the same type of measurement as the existing tract.

Example: Tract 1 was approved using a stratigraphic equivalent as an ending depth. Tract 2 is severed and will be reflected as, “...all depths below the stratigraphic equivalent of 10,000 feet down to and including 30,000 feet TVDSS.”



- Approved operating rights cannot be subdivided (either by aliquots or by depth).
- For example, in an approved operating rights tract covering the N1/2 from surface to 20,000' TVDSS, BOEM **will not** approve subsequent assignments such as:

The NE1/4 NE1/4 from surface to 20,000 feet TVDSS; or

The N1/2 from surface to 10,000 feet TVDSS.



- Once an Operating Rights Tract is approved, the only way to change the operating rights tract is through the merging of the approved tract back into record title.
- This can be accomplished when the operating rights and the record title rights are owned in the same percentages by the same owners.
- A written request for such merging of interest must be signed by an authorized signatory for each lessee and submitted to the Adjudication Section.
- Once the interests are merged, the record title owners are free to sever new operating rights.



- Transfers of interest can also be accomplished via Mergers, Name Changes, and Business Conversions. Additional information on the procedures for such transfers is located in the Oil and Gas Leasing Procedures Guidelines located on BOEM's website as follows:

[http://www.boem.gov/uploadedFiles/BOEM/Oil and Gas Energy Program/Leasing/Regional Leasing/Gulf of Mexico Region/2001-076.pdf](http://www.boem.gov/uploadedFiles/BOEM/Oil_and_Gas_Energy_Program/Leasing/Regional_Leasing/Gulf_of_Mexico_Region/2001-076.pdf)



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