

MEMORANDUM

To: Director, MMS

From: Secretary

Re: Suspension of Outer Continental Shelf (OCS) Drilling of New Deepwater Wells

Date: May 28, 2010

The recent blow-out and oil spill in the Gulf of Mexico is new evidence of the serious risks associated with deepwater drilling, and presents new challenges for the Department to assure the American public that OCS deepwater drilling can be accomplished in a safe and environmentally sound manner.

Yesterday, I presented recommendations to the President based on a 30-day review of the BP Explosion and Oil Spill that began on April 20, 2010. Based on that review, the recommendations contained in the report to the President, and further evaluation of the issue, I find at this time and under current conditions that offshore drilling of new deepwater wells poses an unacceptable threat of serious and irreparable harm to wildlife and the marine, coastal, and human environment as that is specified in 30 C.F.R. 250.172(b). I also have determined that the installation of additional safety or environmental protection equipment is necessary to prevent injury or loss of life and damage to property and the environment. 30 C.F.R. 250.172(c).

Therefore, I am directing a six month suspension of all pending, current, or approved offshore drilling operations of new deepwater wells in the Gulf of Mexico and the Pacific regions. This suspension does not apply to drilling operations that are necessary to conduct emergency activities, such as the drilling operations related to the ongoing BP oil spill. For those operators who are currently drilling new deepwater wells, they shall halt drilling activity at the first safe and controlled stopping point and take all necessary steps to close the well. In addition, MMS shall not process any new applications for permits to drill consistent with this directive. All applicable regulations shall apply to the implementation of this directive.

Please ensure that appropriate Letters of Suspension and any other appropriate documentation, including any additional instructions and details regarding this directive, are sent to all affected lessees, owners, and operators immediately.



UNITED STATES DEPARTMENT OF THE INTERIOR  
MINERALS MANAGEMENT SERVICE

NTL No. 2010-N04

Effective Date: May 30, 2010

NOTICE TO LESSEES AND OPERATORS OF FEDERAL OIL AND GAS LEASES IN THE  
OUTER CONTINENTAL SHELF REGIONS OF THE GULF OF MEXICO AND THE  
PACIFIC TO IMPLEMENT THE DIRECTIVE TO IMPOSE A MORATORIUM ON ALL  
DRILLING OF DEEPWATER WELLS

**Background**

The events resulting from the April 20, 2010, Deepwater Horizon included the deaths of 11 people, and an oil spill of national significance that continues to harm the marine ecosystem, wildlife, and property along the Gulf Coast. Although the causes are still under investigation, these events highlight the importance of ensuring safe operations on the Outer Continental Shelf ("OCS").

**Directives**

The Six-Month Deepwater Moratorium as set forth in this Notice to Lessees and Operators ("Moratorium NTL") directs you to cease drilling all new deepwater wells, including any wellbore sidetracks and bypasses; prohibits you from spudding any new deepwater wells; and puts you on notice that, except as provided herein, MMS will not consider for six months from the date of this Moratorium NTL drilling permits for deepwater wells and for related activities as set forth herein. For the purposes of this Moratorium NTL, "deepwater" means depths greater than 500 feet.

If you are currently drilling any well covered by this Moratorium NTL, you must proceed at the next safe opportunity to secure the well and take all necessary steps to cease operations and temporarily abandon or close the well until you receive further guidance from the Regional Supervisor for Field Operations. You must submit to the appropriate District Manager your plans to stop operations and secure the well before 5:00pm EDT, June 1, 2010.

If you have an approved Application for a Permit to Drill ("APD") or other required permit for wells covered by this Moratorium NTL, but have not spud the well, you may not start drilling for the duration of this Moratorium NTL.

Under 30 C.F.R. 250.172, the Regional Supervisor for Production and Development will issue Suspensions of Operations ("SOO") to all OCS Lessees and Operators currently drilling or proposing to drill new deepwater wells consistent with this Moratorium NTL.



## **Findings**

This Moratorium NTL is based on a May 28, 2010, Memorandum from the Secretary of the Interior to the Director of the MMS finding that, under current conditions, deepwater drilling poses an unacceptable threat of serious and irreparable harm or damage to wildlife and the marine, coastal and human environment , as set forth in 30 C.F.R. 250.172(b). The Secretary also determined that the installation of additional safety or environmental protection equipment is necessary to prevent injury or loss of life and damage to property and the environment, as set forth in 30 C.F.R. 250.172(c).

The Secretary's determination that deepwater drilling activities on new wells must cease for six months, and that MMS will not process permits for such activities accordingly, is based on the recommendations in the May 27, 2010, Report from the Secretary of the Interior to the President, *Increased Safety Measures for Energy Development on the Outer Continental Shelf* ("Report").

Based on the Secretary's May 28, 2010, Memorandum, the recommendations in the Report, and the authority of 30 C.F.R. 250.172, the Director of MMS has determined that this Moratorium NTL is warranted because of the significant risks of OCS drilling in deepwater without implementation of the safety equipment, practices and procedures recommended in the Report.

Therefore, under 30 C.F.R. 250.172, the Regional Supervisor for Production and Development will issue SOOs to all OCS Lessees and Operators currently drilling or proposing to drill new deepwater wells covered by this Moratorium NTL.

### **Activities Not Affected by This Moratorium NTL**

- This Moratorium NTL does not apply to intervention or relief wells for emergency purposes, including the 2 relief wells related to the ongoing BP spill.
- This Moratorium NTL does not apply to operations that are necessary to sustain reservoir pressure from production wells.
- This Moratorium NTL does not apply to workover operations.
- This Moratorium NTL does not apply to waterflood, gas injections, or disposal wells.
- This Moratorium NTL does not apply to drilling operations or other activities that are necessary to safely close or abandon a well, or to accomplish well completion operations under 30 C.F.R 250.500.

All activities not affected by this Moratorium NTL must be performed in compliance with all applicable regulations. For the duration of this Moratorium NTL, MMS will process only those APDs and other permits that are necessary to perform the activities not affected by this Moratorium NTL, as set forth above.

## **Requirements for Existing Deepwater Production**

To obtain approval to conduct an activity in support of existing deepwater production, you must submit your request to the Regional Supervisor for Field Operations. Your request must include the following:

- A new APD or Application for Permit to Modify, as appropriate;
- Purpose of the well (disposal, injection, water flood);
- Type of rig/BOP;
- Water depth;
- Safety systems in place; and
- Location/placement of safety system devices (hydraulic accumulators located in a protected area).

In addition, you must submit a structured risk analysis that identifies and discusses the risks of the requested drilling or activity. The discussion must address risks of losing well control, risks of not conducting the requested activity, and your planned use of best practices. This analysis must be specific for each situation and include a detailed description of the activity.

## **Guidance Document Statement**

The MMS issues NTLs as guidance documents in accordance with 30 C.F.R. 250.103 to clarify, supplement, or provide more detail about certain MMS requirements. NTLs may also outline what must be provided as required information in submissions to the MMS.

The MMS will provide additional guidance on this Moratorium NTL and the recommendations contained in the Report through the issuance of additional NTLs, rulemaking, or by other appropriate means.

## **Authority**

This Moratorium NTL provides guidance and requirements pursuant to 30 C.F.R. 250.106, which requires safe lease operations, and pursuant to 30 C.F.R. § 250.172(b), which states that the Regional Supervisor may grant or direct a suspension when activities pose a threat of serious, irreparable, immediate harm or damage, this would include a threat to life, property, mineral deposit, or marine coastal or human environment and 30 C.F.R. § 172(c), which states that the Regional Supervisor may grant or direct a suspension when necessary for the installation of safety or environmental protection equipment.

## **Paperwork Reduction Act of 1995 Statement**

This Moratorium NTL does not impose additional information collection requirements subject to the Paperwork Reduction Act of 1995.

## Contact

If you have any questions regarding this Moratorium NTL, please contact Mike Saucier by e-mail at [michael.saucier@mms.gov](mailto:michael.saucier@mms.gov) or by telephone at (504) 736-2503 in the Gulf of Mexico Region, or Rishi Tyagi by e-mail at [rishi.tyagi@mms.gov](mailto:rishi.tyagi@mms.gov) or by telephone at (805) 389-7775 in the Pacific Region.

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Dated

\_\_\_\_\_  
Deputy Director  
Minerals Management Service

## MMS Deepwater Drilling Rig Inspection Report

### Overview

At the direction of Secretary Salazar, on Monday, April 26, 2010, all Minerals Management Service (MMS) inspectors in the Gulf of Mexico were ordered to direct their efforts toward inspecting the twenty-nine deepwater drilling rigs with subsea blowout preventer (BOP) stacks. Inspections on those rigs began on Tuesday, April 27, 2010 and were completed on May 4, 2010.

In response to additional direction provided by the Secretary on Thursday, April 29, 2010, this initial review has been followed by an immediate ongoing inspection of all deepwater platforms in the Gulf of Mexico. All of these reviews will be undertaken while maintaining the monthly schedule of drilling rig inspections.

### Inspection Protocol

The MMS inspection force was required to adhere to the following drilling inspection protocol to specifically address issues potentially raised by the incident involving the Deepwater Horizon at block Mississippi Canyon (MC) 252:

1. Perform a thorough, complete drilling inspection of each deepwater rig.
2. Key on the BOP test time frame, leaks and resolution, discrepancies, and repairs.
3. Make sure well control drills were performed as required by 30 CFR 250.462.

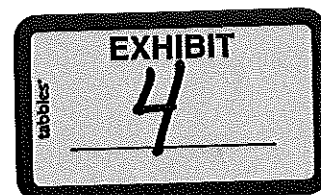
### Inspection Results

All deepwater rig inspections have been completed, except for one rig that was evacuated due to the oil spill and has not resumed operations. The MMS inspected a total of twenty-nine rigs.

The following Incidents of Non-Compliance (INC) were issued:

- The Transocean *Development Driller II (DD II)* working for BP, received one INC because it had not alternated between control stations for BOP testing. MMS regulations require that the regular 14-day BOP tests alternate between the BOP station on the rig floor and the remote station located at another site on the rig. On the *DD II* they conducted the BOP pressure testing only from the driller's control station for the last two tests. They did perform function testing on the remote station, but the pressure testing was only performed using the driller's station. MMS has ordered the rig to alternate control stations in the future.

This rig will be moving to drill the second relief well at MC252 and will be monitored closely to assure compliance with the BOP testing requirements. It will be inspected weekly rather than on a monthly basis, and in addition, as a condition of its drilling permit, the rig will be required to conduct increased testing of the BOP stack and Remote Operated Vehicle (ROV) intervention both on the rig and on the seabed.



- The *Transocean Nautilus* working for Shell, received three Incidents of Non-Compliance:
  - A warning INC for having some flammable material in the scrap metal bin of the safe welding area.  
Corrective Action Taken: the material was removed at the time of the inspection.
  - A warning INC for having a 6-inch x 12-inch hole by the mud pump suction pipe.  
Corrective Action Taken: additional grating was place over the hole.
  - A warning INC for having expired eye wash bottles.  
Corrective Action Taken: the eye wash bottles were replaced.

No other violations were found on the rigs operating in deep water.

**Overview of Oil and Gas Operations in Gulf of Mexico:** Estimated production from the federal waters Gulf of Mexico as of October 2009 is 1.7 million barrels of oil per day and 6.6 billion cubic feet of gas per day. This represents about 30% of domestic oil production and about 11% of domestic natural gas production.

There are about 3,500 production platforms in federal waters Gulf of Mexico, 978 of which are manned. About 35,000 workers are employed in the offshore Gulf of Mexico at any one time.

There are 90 drilling rigs currently drilling or working-over in federal waters Gulf of Mexico, including 30 in deepwater. The 90 drilling rigs include 68 Mobile Offshore Drilling Units (MODU) and 22 stationary platform rigs.

A detailed list of inspections and dates follows.

District	Rig	Operator	Location	Type	Date Inspected	INC Issued	Comments
1	DO Confidence	Murphy	DC 4	SS	4/27/10		
1	DO Voyager	Walter	EW 834	SS	5/4/10		Last inspection 4/2/10
1	DO Endeavor	Exxon/ Mobil	MC 211	SS			Evacuated/moved off location; Last inspection 4/2/10
1	Noble Lorris Bouzigard	LLog	MC 503	SS	4/29/10		
1	T.O. Discover Americas	Statoil	MC 540	DS	4/28/10		
1	T.O. Deepwater Nautilus	Shell	MC 687	SS	5/4/10		
1	T.O. Marianas	Eni	MC 728	SS	4/28/10		
1	T.O. Discover Sprit	Anadarko	MC 876	DS	4/29/10		
1	Noble Jim	Shell	MC 984	SS	4/29/10		

	Thompson						
1	Noble Paul Romano	Marathon	MC 993	SS	4/28/10		
1	ENSCO 8501	Noble	MC 519	DS	4/29/10		
1	DO Saratoga	Taylor	MC 20	SS	4/1/10		
1	T.O. Development Driller III	BP	MC 252	SS	5/4/10		Being used for relief well; BOP will be inspected prior to use; last inspection 3/24/10
2	Frontier Driller	Shell	GC 248	SS	4/29/10		
2	T.O. Amirante	Eni	GC 254	SS	4/28/10		
2	Stena Forth	Hess	GC 469	DS	4/29/10		
2	DO Monarch	Marathon	GC 511	SS	4/28/10		
2	GSF C.R. Luigs	BHP	GC 555	DS	4/27/10		
2	T.O. Clear Leader	Chevron	GC 640	DS	4/29/10		
2	Noble Clyde Boudreaux	Noble	GC 723	SS	4/27/10		
2	Seadrill West Sirius	Devon	WR 206	SS	4/28/10		
2	T.O. Discover Deep Seas	Petrobras	WR 469	DS	4/28/10		
2	Development Driller II	BHP	GC 743	DS	4/29/10	D-285	Not alternating between BOP control stations
2	Maersk Developer	Statoil	WR 543	DS	4/28/10		
2	Ensco 8500	Anadarko	GC 903	DS	4/27/10		
2	Development Driller I	BHP	GC 817	DS	4/27/10		
3	DO Victory	Newfield	GB 425	SS	4/29/10		
3	T.O. Discoverer Inspiration	Chevron	KC 736	DS	4/28/10		
3	Noble Amos Runner	Anadarko	KC 875	SS	4/28/10		
3	Auger	Shell	GB 426	PF	4/29/10		
4	Noble Danny Adkins	Shell	AC 557	SS			Not drilling yet; in commissioning activities



## **The Primary Recommendation in the May 27, 2010 report, "INCREASED SAFETY MEASURES FOR ENERGY DEVELOPMENT ON THE OUTER CONTINENTAL SHELF" Given by Secretary Salazar to The President Misrepresents our Position**

The National Academy of Engineering recommended us as contributors and reviewers of the recent Department of Interior "30 Day Review" of the BP Oil Spill. We were chosen because of our extensive petroleum industry expertise, and independent perspectives. The report states:

"The recommendations contained in this report have been peer-reviewed by seven experts identified by the National Academy of Engineering. Those experts, who volunteered their time and expertise, are identified in Appendix 1. The Department also consulted with a wide range of experts from government, academia and industry."

The BP Macondo blow out was a tragedy for eleven families, and an environmental disaster of worldwide scale. We believe the blowout was caused by a complex and highly improbable chain of human errors coupled with several equipment failures and was preventable. The petroleum industry will learn from this; it can and will do better. We should not be satisfied until there are no deaths and no environmental impacts offshore - ever. However, we must understand that as with any human endeavor there will always be risks.

We broadly agree with the detailed recommendations in the report and compliment the Department of Interior for its efforts. However, we do not agree with the six month blanket moratorium on floating drilling. A moratorium was added after the final review and was never agreed to by the contributors.

The draft which we reviewed stated:

"Along with the specific recommendations outlined in the body of the report, Secretary Salazar recommends a 6-month moratorium on permits for new exploratory wells with a depth of 1,000 feet or greater. This will allow time for implementation of the measures outlined in this report, and the



consideration of information and recommendations from the Presidential Commission as well as other investigations into the accident.

“In addition, Secretary Salazar recommends a temporary pause in all current drilling operations for a sufficient length of time to perform additional blowout preventer function and pressure testing and well barrier testing for the existing 33 permitted exploratory wells currently operating in deepwater in the Gulf of Mexico. These immediate testing requirements are described in Appendix 1.”

We agree that the report and the history it describes agrees with this conclusion. Unfortunately after the review the conclusion was modified to read:

“The Secretary also recommends temporarily halting certain permitting and drilling activities. First, the Secretary recommends a six-month moratorium on permits for new wells being drilled using floating rigs. The moratorium would allow for implementation of the measures proposed in this report and for consideration of the findings from ongoing investigations, including the bipartisan National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling.

“The Secretary further recommends an immediate halt to drilling operations on the 33 permitted wells, not including the relief wells currently being drilled by BP, that are currently being drilled using floating rigs in the Gulf of Mexico. Drilling operations should cease as soon as safely practicable for a 6-month period.”

We believe the moratorium as defined in the draft report addresses the issues evident in this case. We understand the need to undertake the limited moratorium and actions described in the draft report to assure the public that something tangible is being done. A blanket moratorium is not the answer. It will not measurably reduce risk further and it will have a lasting impact on the nation's economy which may be greater than that of the oil spill.

The report highlights the safety record of the industry in drilling over 50,000 wells on the US Outer Continental Shelf of which more than 2000 were in over 1000 feet of water and 700 were in greater than 5000 feet of water. We have been using subsea blowout preventers since the mid- 1960s. The

only other major pollution event from offshore drilling was 41 years ago. This was from a shallow water platform in Santa Barbara Channel drilled with a BOP on the surface of the platform.

The safety of offshore workers is much better than that of the average worker in the US, and the amount of oil spilled is significantly less than that of commercial shipping or petroleum tankers. The US offshore industry is vital to our energy needs. It provides 30% of our oil production, is the second largest source of revenue to the US Government (\$6 Billion per year), and has a direct employment of 150,000 individuals. The report outlines several steps that can be taken immediately to further decrease risk as well as other steps that should be studied to determine if they can be implemented in a way that would decrease risk even more.

This tragedy had very specific causes. A blanket moratorium will have the indirect effect of harming thousands of workers and further impact state and local economies suffering from the spill. We would in effect be punishing a large swath of people who were and are acting responsibly and are providing a product the nation demands.

A blanket moratorium does not address the specific causes of this tragedy. We do not believe punishing the innocent is the right thing to do. We encourage the Secretary of the Interior to overcome emotion with logic and to define what he means by a "blanket moratorium" in such a way as to be consistent with the body of the report and the interests of the nation.

The foregoing represents our views as individuals and does not represent the views of the National Academy of Engineering or the National Research Council or any of its committees.

Kenneth E. Arnold, PE, NAE

Dr. Robert Bea, Department of Civil and Environmental Engineering,  
University of California at Berkeley

Dr. Benton Baugh, President, Radoil, Inc.

Ford Brett, Managing Director, Petroskills

Dr. Martin Chenevert, Senior Lecturer and Director of Drilling Research Program, Department of Petroleum and Geophysical Engineering, University of Texas

Dr. Hans Juvkam-Wold, Professor Emeritus, Petroleum Engineering, Texas A&M University

Dr. E.G. (Skip) Ward, Associate Director, Offshore Technology Research Center, Texas A&M University

Thomas E. Williams, The Environmentally Friendly Drilling Project



THE DEPUTY SECRETARY OF THE INTERIOR  
WASHINGTON

JUN 03 2010

Dr. Benton F. Baugh  
President, Radoil Inc.  
12251 FM 529  
Houston, Texas 77041

Dear Dr. Baugh:

Thank you for your valuable assistance in connection with the preparation of the Secretary's May 27, 2010, report to the President, entitled "Increased Safety Measures for Energy Development on the Outer Continental Shelf." The Department of the Interior is working diligently to implement each of the recommendations as soon as practicable to improve the safety of offshore oil and gas development off our Nation's coasts.

As stated in the Report, each of the 22 numbered recommendations was developed after consulting with a wide range of experts in state and Federal governments, academic institutions, and industry and advocacy organizations. Given the technical nature of the Report and its recommendations, the Department asked Dr. Peter Blair of the National Academy of Engineering to identify a group of recognized academic and industry experts in the relevant fields to provide certain information to the Department related to offshore drilling safety and blowout protection equipment and to review and comment on the proposed safety recommendations to be included in the Report. We are indebted to each of you for agreeing to serve in that role and for your stated concurrence with the detailed safety recommendations contained in the Report.

Based on the Report's recommendations and the devastating consequences of the ongoing oil spill, the Administration independently concluded that a 6-month moratorium on new deepwater offshore drilling was necessary to implement the safety recommendations included in the Report and to learn from the information and recommendations developed by the Presidential Commission and other ongoing investigations into the Deepwater Horizon incident and resulting BP oil spill.

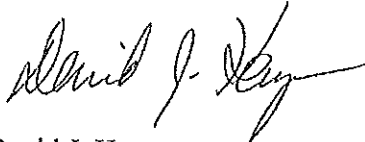
By listing you as a member of the NAE panel that peer-reviewed the 22 safety recommendations contained in the Report, we did not mean to imply that you also agreed with the decision to impose a moratorium on all new deepwater drilling. We acknowledge that you were not asked to review or comment on the proposed moratorium. The recommendation and decision were based on the Report's safety recommendations, in particular the need for new blowout preventer and other safety equipment on subsea BOP stacks used on floating drilling rigs and the need for better wild-well intervention techniques in the event of future emergencies like the BP oil spill, particularly in deepwater. We regret any misunderstanding or confusion related to the inclusion



of the recommendation to impose a 6-month moratorium on all new deepwater wells in the executive summary of the final report.

Again, the Department is grateful for your service to the United States in this extraordinary time of crisis. Your willingness to share your expertise and time were invaluable to our development of the Report's specific safety recommendations and will help to ensure that offshore drilling can be done safely and in an environmentally responsible manner.

Sincerely,

A handwritten signature in black ink, appearing to read "David J. Hayes". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

David J. Hayes

cc: Mr. Steve Black, Counselor to the Secretary of the Interior

## OPINION

## Drilling Bits of Fiction

The Obama Administration is under political pressure to reverse its ill-considered deep water drilling moratorium, and the latest blowback comes from seven angry experts from the National Academy of Engineering who say their views were distorted to justify the ban.

In the wake of the oil spill, President Obama asked Interior Secretary Ken Salazar to produce a report on new drilling safety recommendations. Then on May 27 Mr. Obama announced a six-month deep water drilling ban, justifying it on the basis of Mr. Salazar's report, a top recommendation of which was the moratorium. To lend an air of technical authority, the report noted: "The recommendations contained in this report have been peer-reviewed by seven experts identified by the National Academy of Engineering."

That would be false, sir. In a scathing statement this week, the seven experts explained that the report draft they had reviewed did not include a six-month drilling moratorium. That was added only after they signed off. "The Secretary should be free to recommend whatever he thinks is correct, but he should not be free to use our names to justify his political decisions," wrote the seven in a letter to Gulf Coast politicians.

The seven noted that they broadly agreed with the report and had even signed off on a proposal to suspend new deep water permits for six months. The also agreed to a "temporary pause" in drilling to perform additional testing on the Gulf's 33 deep water wells that have already received permits to drill.

But as for a "blanket moratorium," the seven said it "is not the answer. It will not measurably reduce risk further and it will

have a lasting impact on the nation's economy which may be greater than that of the oil spill." If anything, the ban could prove "counterproductive to long term safety."

Seven experts say  
the White House  
distorted their views.

One of the seven, University of California at Berkeley engineering professor Bob Bea, further explained in an email cited in the New Or-

leans Times-Picayune: "Moratorium was not a part" of the "report we consulted-advised-reviewed. Word from [the Department of Interior] was it was a [White House] request." In other words, the drilling ban is a West Wing political invention designed to make the boss look tough on oil companies. Our guess is that the credit goes to energy czar Carol Browner, who has been loudly touting the ban to show the Administration is doing something.

Mr. Obama has said he's open to rescinding the ban earlier if new safety recommendations could be implemented sooner. But he has punted that question to the commission he appointed to investigate the spill, which isn't even fully staffed and has six months to report its findings. That will arrive too late for thousands of Gulf residents who are at risk of losing their jobs within weeks as deep water rigs prepare to leave the Gulf. As a tacit admission of the damage it is causing, the White House is now saying it expects BP to cover the wages of workers affected by its own politicized moratorium.

Americans don't blame Mr. Obama for the oil spill, but they are beginning to doubt the competence of a President whose decisions suggest political panic more than careful policy. In their letter, the seven experts encouraged Mr. Salazar to "overcome emotion with logic" and rethink the ban. That's good political advice too.

EXHIBIT

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UNITED STATES DEPARTMENT OF THE INTERIOR  
MINERALS MANAGEMENT SERVICE

NTL No. 2010-N05

Effective Date: June 8, 2010

NATIONAL NOTICE TO LESSEES AND OPERATORS OF FEDERAL  
OIL AND GAS LEASES, OUTER CONTINENTAL SHELF (OCS)

Increased Safety Measures for Energy Development on the OCS

**Background and Purpose**

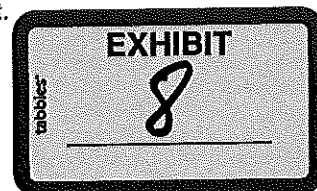
This Notice to Lessees and Operators (NTL) implements certain safety measures outlined in the report entitled "Increased Safety Measures for Energy Development on the Outer Continental Shelf" (Safety Measures Report), dated May 27, 2010. The President requested that the Department of the Interior develop this report as a result of the Deepwater Horizon incident on April 20, 2010. This incident resulted in the death of 11 people, an oil spill of national significance, and the sinking of the Deepwater Horizon. Although the cause of the incident is currently under investigation, this incident highlights the importance of ensuring safe operations on the Outer Continental Shelf (OCS). The Secretary has a duty to ensure the OCS is managed in a safe manner, by considering available environmental information and implementing best available and safest technology. In furtherance of this duty, on June 2, 2010, the Secretary directed the Director, Minerals Management Service, to adopt the recommendations contained in the Safety Measures Report and to implement them as soon as possible.

This NTL addresses recommendations of the Safety Measures Report that warrant immediate implementation. The following paragraphs identify the specific recommendations from the Report and provide guidance to lessees and operators on the requirements they must meet. These recommendations apply to all activities on the OCS, including deepwater activity suspended under the Notice to Lessees to Implement the Presidential Directive to Impose a Moratorium on all New Deepwater Wells (NTL No. 2010-N04 - Moratorium NTL), and shallow water operations (under 500 feet in depth).<sup>1</sup>

**General Certification of Compliance with Existing Regulations and National Safety Alert** Recommendation 1 of section III.A. of the Safety Measures Report directed the Department of the Interior, in conjunction with the Department of Homeland Security, to verify operator compliance with existing regulations and the joint Minerals Management Service (MMS) – United States Coast Guard (USCG) Safety Alert (SA), Deepwater Horizon Explosion and Fire Resulting in Multiple Fatalities and Release of Oil, issued on April 30, 2010. This NTL informs lessees and operators that all operators are required to submit a general certification that they are

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<sup>1</sup> The six month suspension under the Moratorium NTL was directed toward operations in water depths greater than 500 feet in the Gulf of Mexico and the Pacific Regions. The 500 feet specification was based on the fact that jack-up rigs and human diver capability does not exist beyond this depth, and therefore there are significantly greater challenges in containing a blowout in deep water. The six month suspension period coincides with the hurricane season and the timeline for the Presidential Commission to examine the root causes of the BP Oil Spill and develop options for guarding against and mitigating the impacts of oil spills. The suspension also provides the time necessary to develop regulations to address additional safety concerns described in the Safety Measures Report.





knowledgeable of all operating regulations at 30 CFR 250 – Oil and Gas and Sulphur Operations in the OCS – and that they are conducting their operations in compliance with those regulations. Operators must review their operations to ensure that they are performed in a safe and workmanlike manner as required by §250.107(a)(1). In addition, each operator must certify that they have conducted the following specific reviews of their operations:

1. Examine all well control system equipment (both surface and subsea) currently being used to ensure that it has been properly maintained and is capable of shutting in the well during emergency operations. Ensure that Blowout Preventers (BOPs) are able to perform their designated functions. Ensure that the ROV hot-stabs are function-tested and are capable of actuating the BOP.
2. Review all rig drilling, casing, cementing, well abandonment (temporary and permanent), completion, and workover practices to ensure that well control is not compromised at any point while the BOP is installed on the wellhead.
3. Review all emergency shutdown and dynamic positioning procedures that interface with emergency well control operations.
4. Ensure that all personnel involved in well operations are properly trained and capable of performing their tasks under both normal drilling and emergency well control operations.

Operators must submit to MMS: (1) a general statement by the operator's Chief Executive Officer (authorized official) certifying the operator's compliance with all operating regulations at 30 CFR 250 and (2) a separate statement certifying compliance with each of the 4 specific items above.

You must certify each of the 4 specific items above separately, and include the following statement in your written certification: "By signing this certification, I certify in my capacity as authorized official that the statements herein are true and complete to the best of my knowledge. I understand that the submission of false statements to the United States is a criminal offense under 18 U.S.C. Section 1001."

Operators must submit these certifications by 5:00 pm EDT June 28, 2010, by mail or email to the address set forth below.

If an operator cannot certify compliance with the 30 CFR 250 regulations or any specific review items, then the operator must submit an explanation of the circumstances for failure to certify and a plan to certify, including a timetable for the certification. Failure to provide this certification will result in the issuance of an incident of non-compliance and may result in a shut-in order.

#### **BOP Configuration and Performance Information**

Recommendation 8 in section I.C. of the Safety Measures Report sets forth new reporting requirements for BOP stacks and loss of well control events. All operators that were conducting operations using a subsea BOP system or using a surface BOP stack on a floating platform on May 27, 2010, must submit BOP and well control system configuration information for the drilling rig that was being used. Operators must submit the following information by 5:00 pm EDT June 17, 2010, to the address set forth below:

1. BOP and well control system configuration. This includes the piping diagram of the stack and control system, including the BOP stations and accumulator system.
2. BOP and well control system test results, including any anomalies in testing or operation of critical BOP components. Submit test results (charts, digital pressure data, forms, etc.) and information on any initial failed test attempts and remedy to obtain a successful test.
3. BOP and loss of well control events. Document any loss of well control event, even if temporary, and the cause of the event. The operator does not have to include kicks that were controlled but should include the release of fluids through a diverter.
4. BOP and well control system downtime. Submit downtime related to BOP and well control system failures (failure to test properly).

Data for items 2, 3, and 4 is for the time period you have had the rig under contract, not to exceed three years.

#### **Address for Submitting General Compliance Certification and BOP Information**

Operators must submit their general compliance certification statement and BOP information to MMS by mail or email to:

Minerals Management Service  
Office of Offshore Regulatory Programs  
Attention: David Nedorostek  
381 Elden Street, MS-4023  
Herndon, VA 20170

or David.Nedorostek@mms.gov

Operators must identify the facilities they are certifying by region, company, MMS company number (5 digit), area and block, and rig name. Contact information and questions: David Nedorostek, 703-787-1029.

#### **BOP Certification Requirements for Floating Drilling Operations**

Recommendation 1 of section I.A. of the Safety Measures Report ordered immediate re-certification of all BOP equipment used in new floating drilling operations. Floating drilling operations includes drilling operations that use a subsea BOP system and drilling operations on a floating production platform that use a surface BOP system. Before beginning new floating drilling or resuming floating drilling operations that were suspended under NTL No. 2010-N04, you must have an independent third party conduct a detailed physical inspection and design review of the BOP. If you are currently conducting workover, completion, or abandonment activities you must conduct this inspection and design review before you begin work on another well. The design review must be conducted in accordance with the Original Equipment Manufacturer (OEM) specifications and § 250.446(a) and other applicable standards. The review must certify that:

- (a) The BOP will operate as originally designed; and
- (b) Any modifications or upgrades to the BOP stack conducted after delivery have not compromised the design or operation of the BOP.

You must submit a written and signed certification from the independent third party attesting to the information required above to the appropriate District Manager (Regional Supervisor for Field Operations in the Alaska OCS Region), and you must make this certification publicly

available. A description of the qualifications of the independent third party should be attached to the certification. This certification is required one time only, on or after the effective date of this NTL, for all BOP equipment used in floating drilling operations. Additional safety measures for BOP equipment set forth in the Safety Measures Report will be addressed in future rulemakings.

#### **BOP Inspection, Maintenance, and Repair for All Wells**

Recommendation 1 of section I.A. of the Safety Measures Report states that the operator must have documentation showing that the BOP has been maintained according to the regulations. You must maintain and inspect your surface and subsea BOP system according to the requirements in § 250.446(a). You must maintain records of your maintenance and inspections of your BOP systems according to the requirements of § 250.450 and make them available to MMS upon request. You must maintain records of any repairs made to your BOP system for the duration of the well work and make them available to MMS upon request.

#### **BOP Compatibility Verification for All Wells**

Recommendation 2 of section I.A. of the Safety Measures Report ordered operators to obtain independent third party verification that the BOP stack is designed for the specific equipment on the rig. Your BOP stack must be compatible with the specific well location, well design, and well execution plan. In the event of loss of well control, the BOP stack must provide a seal and contain wellbore pressure under all conditions expected in the wellbore. Before you begin drilling any new well or resume drilling any well you suspended drilling under NTL No. 2010-N04, you must obtain independent third party verification that shows the following:

- (a) The BOP stack is designed for the specific equipment on the rig and for the specific well design (well location and well execution plan) including certification that the shear rams are appropriate for the project.
- (b) The BOP stack has not been compromised or damaged from previous service.
- (c) The BOP stack will operate in the conditions in which it will be used.

A description of the qualifications of the independent third party should be attached to the certification.

#### **Secondary Control System Requirements and Guidelines for Subsea BOP Stacks**

Recommendation 5 of section I.B. of the Safety Measures Report states that the Department will establish clear requirements for secondary BOP control systems. For all subsea BOP stacks, you must have a secondary control system with remote operated vehicle (ROV) intervention capabilities, including the ability to close one set of blind-shear rams and one set of pipe rams.

Your subsea BOP system must have an emergency shut-in system in the event that you lose power to the BOP stack, have an unplanned disconnection of the riser from the BOP stack, or experience another emergency situation. You must have both a deadman system and an autoshear system. In addition to these requirements, you may use an acoustic system to activate your BOP stack in case of an emergency. Your emergency shut down system must be powered by a separate and independent rechargeable subsea accumulator bank with sufficient capacity to close as a minimum one set of blind shear rams.

For purposes of this NTL, the definitions of “deadman system” and “autoshear system” are defined by American Petroleum Institute Spec 16D – Specification for Control Systems for Drilling Well Control Equipment and Control Systems for Diverter Equipment.

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.

Autoshear system means a safety system that is designed to automatically shut in the wellbore in the event of a disconnect of the lower marine riser package (LMRP). When the autoshear is armed, a disconnect of the LMRP closes the shear rams. This is considered a rapid discharge system.

Dynamically positioned rigs must comply with these secondary control system requirements immediately. New secondary control system requirements for moored rigs will be established by rulemaking.

#### **ROV Hot Stab Function Testing of the ROV Intervention Panel**

Recommendation 6 of section I.B. of the Safety Measures Report states that the Department will develop requirements for ROV operating capabilities. You must function test the hot stabs that would be used to interface with the ROV intervention panel during the stump test. You must test the hot stabs at the same rate (gallons per minute) and pressure of the ROV pump with the ROV intervention panel during your stump test for subsea BOP stacks. At a minimum, these hot stabs must be capable of closing one set of blind-shear rams and one set of pipe rams, and unlatch from the LMRP. You must inform the appropriate District Manager (Regional Supervisor for Field Operations in Alaska OCS Region) at least 48 hours before you begin testing the BOP system so that MMS may observe or participate in the test. You must record and submit the results of the performance and function tests to the appropriate District Manager (Regional Supervisor for Field Operations in the Alaska OCS Region) within 14 days following completion of the tests.

#### **Verification that Blind-shear Rams will Shear Pipe in the Hole**

Recommendation 7 of section I.C. of the Safety Measures Report states that the Department will develop testing requirements for surface and subsea BOP stacks. The regulations at § 250.416(e) require the operator to provide information that shows the blind-shears rams installed in the BOP stack are capable of shearing the drill pipe in the hole under maximum anticipated surface pressure. You must obtain an independent third-party verification that provides sufficient information showing that the blind-shear rams installed in the BOP stack are capable of shearing the drill pipe in the hole under maximum anticipated surface pressures. A description of the qualifications of the independent third party should be attached to the certification.

#### **BOP Inspection and Testing after Well Control Event for All Wells**

Recommendation 7 of section I.C. of the Safety Measures Report states that the Department will develop testing requirements for surface and subsea BOP stacks. If you activate your blind-shear rams or casing shear rams in a well control situation in which pipe or casing was sheared, you must inspect and test the BOP stack and its components after the situation is fully controlled.

You must physically inspect the BOP stack (retrieve a subsea BOP stack) to ensure that the stack and affected components will operate properly. You must conduct a full pressure test of the BOP stack before resuming operations. This inspection and testing must be documented as to the date, time, and description of the situation and the results of the inspection and testing.

#### **Well Design and Construction for All Wells**

Recommendation 3 of section II.B. of the Safety Measures Report establishes new casing and cementing design requirements and Recommendation 5 of section II.B. of the Safety Measures Report establishes new casing installation procedures. Thus, before you begin any new drilling operations using either a surface or subsea BOP stack or resume drilling operations that were suspended under NTL No. 2010 N-04, you must have all well casing designs and cementing program/procedures certified by a Professional Engineer, verifying the casing design is appropriate for the purpose for which it is intended under expected wellbore conditions. Also, while installing casing you must:

- (a) Ensure casing hanger latching mechanisms or lock down mechanisms are engaged at the time the casing is installed in the subsea wellhead; and
- (b) Verify the installation of dual mechanical barriers (*e.g.*, dual floats or one float and a mechanical plug) in addition to cement to prevent flow in the event of a failure in the cement. This must be done for the final casing string. You must submit this verification to the appropriate District Manager (Regional Supervisor for Field Operations in Alaska OCS Region) no later than 30 days after installation of the dual mechanical barriers.

#### **Submittal of Revised Application for Permit to Drill (APD)s or Application for Permit to Modify (APM)s**

If you have an APD or APM that was previously approved but drilling has not commenced as of May 27, 2010, and you intend to conduct those operations, you must submit the relevant information discussed in this NTL prior to commencing those operations. The MMS will notify you within 10 days of receiving that information whether you must submit a revised APD or APM for approval before you may conduct those operations.

#### **Authority**

This NTL provides guidance and notifies lessees and operators that they must meet the specified requirements. The authority for these actions are found in the OCSLA, 43 U.S.C. 1331 et seq., and 30 CFR 250, specifically §§ 250.106(b) and (c), 250.107(d), 250.132(b)(3), 250.186(a), 250.401, 250.418(h), 250.421, 250.446(a), 250.447 (b), 250.469(d), 250.516(h) and (j), and 250.616(h). Specifically:

In § 250.106(b) and (c), the Director will regulate operations to prevent injury or loss of life and damage to or waste of any natural resource, property, or the environment.

In § 250.107(d), the Director may require additional measures to ensure the use of best available and safety technology (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.

In § 250.132(b)(3), you must make available to MMS to inspect all records of design, construction, operations, maintenance, repairs, or investigations on or related to the area.

In § 250.186(a), you must submit information and reports as MMS requires.

In § 250.401, you must take necessary precautions to keep wells under control at all times and you must use and maintain equipment and materials necessary to ensure the safety and protection of personnel, equipment, natural resources, and the environment. .

In § 250.418(h), you must include with the APD such other information as the District Manager may require.

In § 250.421, the District Manager may approve or prescribe other casing and cementing requirements where appropriate.

In §§ 250.446(a), 250.516(h), and 250.616(h) you must maintain your BOP system to ensure that the equipment functions properly.

In §§ 250.447(b) and 250.516(j), the District Manager may require more frequent testing, as well as different test pressures and inspection methods, or other practices for BOP systems.

In § 250.469(d), you must submit other reports and records of operations.

#### **Guidance Document Statement**

The MMS issues NTLs as guidance documents in accordance with § 250.103 to clarify, supplement, or provide more detail about certain MMS requirements and to outline the information you must provide in your various submittals.

#### **Paperwork Reduction Act of 1995 Statement**

The Paperwork Reduction Act of 1995 (PRA) (44 U.S.C. 3501 et seq.) requires us to inform you that the MMS collects this information to carry out its responsibilities under the OCS Lands Act, as amended. The MMS will use the information to ensure safety and environmental protection on the OCS. No proprietary data are collected. This NTL references requirements already approved for 30 CFR part 250 under the following OMB control numbers: Subpart A – 1010-0114; Subpart D – 1010-0141; Subpart E – 1010-0067; and Subpart F – 1010-0043. This NTL requires new hour burdens; therefore, we have submitted to the Office of Management Budget (OMB) an emergency information collection for approval of these new burden hours. Once OMB has approved this collection of information, we will reissue this NTL with the OMB control number and expiration date. We estimate the public reporting burden specifically pertaining to the new requirements in this NTL to average 1.5 burden hours and \$1,600 non-hour cost burdens (rounded) per response. 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. Direct any comments regarding the burden estimate or any other aspect of this collection of information to the Information Collection Clearance Officer, Mail Stop 5438, Minerals Management Service, Department of the Interior, 1849 C Street, NW, Washington, DC 20240.

**Contact**

If you have any questions regarding this NTL, please contact the Gulf of Mexico Region by e-mail at [MMS.FO.NTL@mms.gov](mailto:MMS.FO.NTL@mms.gov) or the Pacific Region's Rishi Tyagi by email at [Rishi.Tyagi@mms.gov](mailto:Rishi.Tyagi@mms.gov).

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Dated

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Acting, Associate Director  
Offshore Energy and Minerals Management  
Minerals Management Service