MEMORANDUM OF UNDERSTANDING

Between the

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF OCEAN ENERGY MANAGEMENT

and

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF SAFETY AND ENVIRONMENTAL ENFORCEMENT

and

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF NATURAL RESOURCES REVENUE

for the

COLLABORATION ON PROCESSES, POLICIES AND SYSTEMS RELATING TO THE MANAGEMENT OF OUTER CONTINENTAL SHELF ENERGY AND MARINE MINERAL DEVELOPMENT

I. Purpose

The United States Department of the Interior (DOI) Bureau of Ocean Energy Management (BOEM), DOI Bureau of Safety and Environmental Enforcement (BSEE) and the DOI Office of Natural Resources Revenue (ONRR) (jointly, "the Participants") enter into this Memorandum of Understanding (MOU) to more successfully collaborate on the processing and management of functions and systems relating to Outer Continental Shelf (OCS) energy and mineral development. Further, the Participants also support common standards and methods to achieve the Departmental goal of accountability and accurate reporting on such development as well as creating and maintaining efficient and effective working relationships.

II. Statutory Authority

Outer Continental Shelf Lands Act
Federal Oil and Gas Royalty Management Act of 1982
Deepwater Royalty Relief Act of 1995
Federal Oil and Gas Royalty Simplification and Fairness Act of 1996
Energy Policy Act of 2005
Gulf of Mexico Energy Security Act of 2006

The Freedom of Information Act (FOIA)
The Administrative Procedure Act (APA)
Oil Pollution Act of 1990
~ all as amended

III. Regulatory Authority

30 CFR Chapter II, Bureau of Safety and Environmental Enforcement
30 CFR Chapter V, Bureau of Ocean Energy Management
30 CFR Chapter XII, Office of Natural Resources Revenue
43 CFR Subtitle A, Office of the Secretary of the Interior
43 CFR Subtitle B, Regulations Relating to Public Lands

IV. Background

On May 19, 2010, Secretary of the Interior Ken Salazar signed Secretarial Order No. 3299, which directed the division of the former Minerals Management Service (MMS) into three separate organizations, BSEE, BOEM and ONRR, each with its own leadership and mission.

ONRR was established within the Office of the Secretary under the Assistant Secretary for Policy, Management and Budget (ASPMB) on October 1, 2010. ONRR performs the offshore royalty and revenue management functions previously conducted by the MMS Minerals Revenue Management program.

BOEM and BSEE were established on October 1, 2011, under the Assistant Secretary for Land and Minerals Management (ASLM). BOEM manages the conservation of natural resources and the development of the nation's offshore energy and mineral resources in an environmentally and economically responsible way, which includes leasing, resource and economic evaluation, review and administration of oil and gas exploration and development plans, renewable energy development, National Environmental Policy Act (NEPA) analysis, and environmental studies. BSEE uses the full range of authorities, policies and tools to compel safety, emergency preparedness, environmental responsibility and appropriate development and conservation of offshore oil and natural gas resources.

V. Scope and Objectives

The Participants function under the jurisdiction of the ASLM and the ASPMB in carrying out DOI's responsibilities for offshore lease management, enforcement, conservation of natural resources, accounting, reporting and auditing. Though separate and distinct in their leadership and missions, the Participants must work together to manage the multiple interdependencies that exist in their oversight responsibilities. This MOU describes the agreed-to information sharing and division of functional responsibilities among the Participants.

The Participants recognize and agree that the efficient execution of respective authorized missions requires management coordination and early resolution of issues at the lowest organizational level possible.

All timeframes specified in this MOU are in calendar days unless otherwise specified. All timeframes are subject to extension if the involved Participants determine that circumstances warrant such an extension. Such extensions shall be confirmed in writing at the lowest delegable level practicable.

This document is neither a fiscal nor a funds obligation document. Nothing in this MOU authorizes the Participants to obligate or expend appropriated funds or exchange services or supplies. The Participants' activities are subject to the availability of appropriated funds.

The Participants agree to the following terms and conditions:

1. IMPLEMENTATION

The Offshore Steering Committee (Steering Committee) is the working group focused on improving communication, coordination, and information exchange, as well as strengthening the processes and procedures related primarily to leasing, revenue accountability, and production. The Steering Committee acts as a forum to identify, communicate, and resolve issues between the Participants through discussion or study in order to enhance the effectiveness of offshore operations. Steering Committee meetings are held semiannually among operating locations or in locations appropriate for special issues being evaluated as determined by the Chairperson. It is the Steering Committee's responsibility to review, update and forward for signature this MOU and its Attachments.

2. DIVISION OF RESPONSIBILITY

The lease management, accounting and reporting activities that involve the Participants are described in the following Attachments:

- Attachment A — *Information Sharing and Bureau Responsibilities – Offshore Federal Oil, Gas, Sulphur and Marine Minerals* represents the agreed-to information sharing and division of functional responsibilities for oil, gas, sulphur or marine mineral leases.
- Attachment B — *Information Sharing and Bureau Responsibilities – Offshore Renewable Energy Resources* represents the agreed-to information sharing and division of functional responsibilities for renewable energy leases.

3. INFORMATION SHARING

The electronic exchange of information between the Participants in this MOU is important to the performance of several duties. For example, a substantial part of the data necessary to maintain ONRR's automated accounting system, the Minerals Revenue Management Support System, must be supplied by the Participants through the Technical Information Management System (TIMS). Also, inter-bureau coordination is necessary among the Participants' Information Technology (IT) services during a Continuity of Operations event.

Therefore, whenever any Participant plans to modify its IT systems that depend on input from or provide input to another Participant(s) in a manner that might affect the other Participant(s), it will consult the affected Participant(s) as appropriate during the development of the requirements stage of the IT modification. The affected Participant(s) will be provided with documentation and the final version of the IT system changes with a mutually agreed upon timeframe to review the documentation, make appropriate system modifications and successfully complete IT testing.

If any affected Participant(s) cannot accommodate the change within the proposed timeframe, the implementation of such change will be delayed until the Participant(s) can modify its systems, unless there exists a binding legal obligation to proceed before that point. When a delay in implementation is not feasible, the participants will work on a mutually agreed upon work around until the modification can be made.

In the event that disputes arise in the context of electronic information sharing, the Participant(s) may engage the Office of Collaborative Action and Dispute Resolution (CADR) for impartial assistance and process support for resolving outstanding issues.

4. AMENDMENTS

Amendments to this MOU and to the Information Sharing and Bureau Responsibility Attachments will be made by the mutual, written consent of the Deputy Directors of each of the Participants. Amendments to any subsequently developed Standard Operating Procedures (SOP) related to functions covered by this MOU may be made by the mutual, written consent of the applicable Regional Director(s) and/or Senior Executive(s) of the Participants.

Any future Attachments will be reviewed and signed by the Deputy Directors of each of the Participants before becoming an official attachment to this document, and will be listed here upon revision of the MOU.

5. PROPRIETARY OR CONFIDENTIAL DATA

Proprietary Data is information contained in a record that is owned by an individual or company which that entity wishes to keep confidential and which gives the owner certain financial or competitive advantages. While the data is in the possession of the DOI, the owner may be granted access to the information upon request; however, the data must be protected from release to any unauthorized requester.

Confidential information is frequently submitted to the Participants in furtherance of their missions. The division of the former MMS into three separate entities necessitates the sharing and exchange of proprietary data or confidential information in order to properly conduct mission-critical business processes. Sharing proprietary data and/or confidential information minimizes duplication of efforts and expenditures, and enhances intra-governmental cooperation. Specific data and information will be maintained by each Participant and made available to another Participant in an agreed-

upon format. The data and information will then be safeguarded by each Participant according to their particular standards.

6. FOIA REQUESTS

Records in the custody of a Participant and that were received from another Participant may become the subject of a Freedom of Information Act (FOIA, 5 U.S.C. § 552) request. The Participant in receipt of the FOIA request shall consult with the originating bureau/office prior to releasing the records to the requester, or forward the request and requested documents or information to the originating bureau/office for review, determination and response to the requester, as appropriate.

7. PUBLIC COMMUNICATIONS

Public Communications that impact Participants in this MOU will be handled in accordance with the Department of the Interior *Office of Communications' Communications Policy*.

8. RESOLUTION OF DISAGREEMENTS

In the event of a disagreement, the Participants shall use their best efforts to resolve the dispute in an informal fashion through consultation and communication. Every effort shall be made to resolve issues at the lowest organizational level possible. The Participant(s) may, as an option, engage CADR for impartial assistance and process support for resolving outstanding issues, or raise the issue to the ASLM and/or ASPMB, as appropriate, for ultimate resolution.

9. CONTACTS

All notices, communications and coordination arising directly from this MOU, except with respect to responses to FOIA requests, shall involve, at a minimum, the following individuals, their successors and/or designees as follows:

a.) Bureau of Ocean Energy Management

Deputy Director
Bureau of Ocean Energy Management
U.S. Department of the Interior
1849 C Street, NW
Washington, DC 20240
(202) 208-6300

b.) Bureau of Safety and Environmental Enforcement

Deputy Director
Bureau of Safety and Environmental Enforcement
U.S. Department of the Interior

1849 C Street, NW
Washington, DC 20240
(202) 208-3500
c.) Office of Natural Resources Revenue

Deputy Director
Office of Natural Resources Revenue
U.S. Department of the Interior
Denver Federal Center, Building 85
Denver, CO 80225-0165
(303) 231-3082

VI. Effective Date

This MOU shall become effective 30 days from the latest date of the Participants' signatures below and shall expire five years from that date unless reauthorized. Any Participant may terminate this MOU, in whole or in part, at any time by providing the other Participants 30-days written notice to that effect.

The Division of Responsibility Attachments will also become effective 30 days from the latest date of the Participants' signatures below and shall be reviewed annually by the Steering Committee for the first two years and biennially thereafter.

Walter Cruickshank
Deputy Director, Bureau of Ocean Energy Management

3-10-2014
Date

Margaret Schneider
Deputy Director, Bureau of Safety and Environmental Enforcement

3/6/14
Date

Deborah Gibbs Tschudy
Deputy Director, Office of Natural Resources Revenue

3/17/14
Date

Offshore Federal Oil, Gas, Sulphur and Marine Minerals

Attachment A

Information Sharing and Bureau Responsibilities

Attachment A
Information Sharing and Bureau Responsibilities
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Attachment A

Offshore Federal Oil, Gas, Sulphur and Marine Minerals

ACRONYMS

ACM	– Audit and Compliance Management (ONRR)
ADJ	– Adjudication Section (BOEM)
BOEM	– Bureau of Ocean Energy Management
BSEE	– Bureau of Safety and Environmental Enforcement
CoA	– Conditions of Approval
DFO	– District Field Office (BSEE)
DSO	– Directed Suspension of Operations
EED	– Environmental Enforcement Division (BSEE)
EFT	– Electronic Funds Transfer
FM	– Financial Management (ONRR)
FMP	– Facility Measurement Point
GAO	– Government Accountability Office
GL	– General Ledger (ONRR)
GVS	– Gas Verification System (ONRR/ BSEE)
LFRS	– Leasing and Financial Responsibility Section (BOEM)
LVS	– Liquid Verification System (ONRR/ BSEE)
MAE	– Measurement Approval & Enforcement (BSEE)
MRMFS	– Minerals Revenue Management Financial System (ONRR)
NEPA	– National Environmental Policy Act
OCS	– Outer Continental Shelf
OE	– Office of Enforcement (ONRR)
OGOR	– Oil and Gas Operations Report (Form ONRR-4054)
OIDVS	– Offshore Interagency Data Verification System
OIG	– Office of Inspector General
ONRR	– Office of Natural Resources Revenue
OORP	– Office of Offshore Regulatory Programs (BSEE)
OPRA	– Office of Policy, Regulation and Analysis (BOEM)
OSTS	– Office of Structural and Technical Support (BSEE)
PASR	– Production Allocation Schedule Report (Form ONRR-4058)
PD	– Office of Production and Development (BSEE)
P&R	– Production & Royalty Report (Form ONRR-4430)
PRV	– Production Reporting and Verification (ONRR)
RFO	– Regional Field Office (BSEE)
ROW	– Right of Way
RSA	– Reimbursable Service Agreement
RUE	– Right of Use and Easement
SLA	– Submerged Lands Act
SOP	– Standard Operating Procedures
TDMS	– Technical Data Management Section
TIMS	– Technical Information Management System

Attachment A
Information Sharing and Bureau Responsibilities
Offshore Federal Oil, Gas, Sulphur and Marine Minerals

FUNCTION	RESPONSIBILITY			REMARKS
	BOEM	BSEE	ONRR	
I. PRELEASING ACTIONS				
A. Proposed Notice of Sale	FINAL	X	X	**BOEM:** Will coordinate with BSEE regarding input for the sale documents. BOEM will coordinate with ONRR on fiscal terms and their implementation. **BSEE:** Will provide BOEM with compliance information as part of the adaptive management process related to the development of Lease Stipulations. BSEE Regional Offices to review documents and provide comment on issues related to BSEE including any royalty relief provisions. **ONRR:** Will comment on fiscal terms and their implementation.
B. Final Notice of Sale	FINAL	X	X	**BOEM:** Will coordinate with BSEE regarding input for the sale documents. BOEM will coordinate with ONRR on fiscal terms and their implementation **BSEE:** Will provide BOEM with compliance information as part of the adaptive management process related to the development of Lease Stipulations. BSEE Regional Offices will review documents and provide comment on issues related to BSEE including any royalty relief provisions. **ONRR:** Will comment on fiscal terms and their implementation.
II. ELECTRONIC FUNDS TRANSFER				
A. Pre-Lease Sale Bid Deposit Guarantee (e.g., 1/5th)	JOINT		JOINT	**BOEM:** Bidders that are currently not mineral lease owners, or designated operators, or who have previously defaulted on bonus bid deposits, must guarantee (secure) the payment of bonus bid deposit prior to submitting a bid for the lease sale. BOEM will process the guarantee if the company does not use an advance EFT cash deposit. **ONRR:** Will receive the advance EFT bonus bid deposit, if company does not use another type of guarantee and will notify BOEM of receipt.
B. Post-Lease Sale Bid Deposit Collection (e.g., 1/5th)	JOINT		JOINT	**BOEM:** Bidders that did not provide an EFT cash bonus bid deposit before the lease sale, must submit the bonus bid deposit after the sale if they are the apparent high bidder. **ONRR:** Will receive all monies via EFT and will relay information via

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FUNCTION	RESPONSIBILITY			REMARKS
	BOEM	BSEE	ONRR	
				email to the BOEM Regional Office for confirmation and verification. ONRR will notify BOEM of parties that did not make payment by the deadline.
C. Bid Deposit Refunds on Pre-Lease Sale Bid Deposits	JOINT		JOINT	**BOEM:** Those bidders that made or guaranteed bid deposits prior to the lease sale are refunded their bid deposits or released of their guarantees, with respect to leases for which they were not the high bidders. BOEM will notify ONRR of parties to be refunded. **ONRR:** Will return bonus bid deposits to those parties who pre-paid the bid deposit but who were not the apparent high bidders.
D. Bid Deposit Refunds on Post-Lease Sale Bid Deposits	JOINT		JOINT	**BOEM:** Those apparent high bidders that made bid deposits are refunded their bid deposit, with respect to leases for which their high bid was rejected. **ONRR:** Will return bonus bid deposits to those parties who paid the bid deposit but whose bid was ultimately rejected.
E. Collection of Balance of Bonus Bids (e.g., 4/5th) + First Year Rental	JOINT		JOINT	**BOEM:** Will notify ONRR of payments due for bids that were accepted. BOEM will not issue leases until receipt of confirmation email from ONRR that balance of bonus bid and first year rental have been paid. If confirmation of payment is not received from ONRR, BOEM will add party to list of defaulted bidders and take other action, as appropriate. **ONRR:** Will receive all monies via EFT and will relay information via email to the BOEM Regional Office for confirmation and verification. ONRR will notify BOEM of parties that did not make payment by the deadline. Will notify BOEM by email when EFT payment of 4/5th balance of bonus bid and first year rental is received. Will perform a weekly data download of new O&G leases and verify all monies due are paid.
III. LEASING AND LEASE TERMS				
A. Issue Leases	FINAL	ISO	X	**BOEM:** Will evaluate each bid by its two-phase bid adequacy procedures and will either accept or reject the bid. If bid is accepted, BOEM will issue the lease. Will issue leases only after receipt of email from ONRR confirming receipt of EFT payment of 4/5th balance of bonus bid and first year rental. Each BOEM Regional Office will update TIMS

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FUNCTION	RESPONSIBILITY			REMARKS
	BOEM	BSEE	ONRR	
				with new lease data after signature by the RD. **BSEE:** Will utilize the lease instrument and associated information within TIMS, when needed, as the lease instrument contains information directly related to BSEE functions. **ONRR:** After lease issuance, will run the Lease Batch process to accept the new leases into the MRMFS. When accepting the lease, ONRR will establish the rental obligation and the lessee responsible for payment.
B. Approve/Change Transfers of Record Title and Operating Rights Interest	FINAL	X	ISO	**BOEM:** Each Regional Office will adjudicate transfers, and in some cases consult BSEE regarding decommissioning liabilities. Will timely update approvals or changes in TIMS and furnish ONRR with an Approved Transfers Report monthly. **BSEE:** When requested, BSEE will coordinate with BOEM as necessary on issues regarding decommissioning liabilities. As necessary, will update decommissioning cost estimates in TIMS. **ONRR:** Will receive monthly report and update the MRMFS; changing the lessee responsible for payment if necessary.
C. Approve Lease Segregation	FINAL	X	ISO	**BOEM:** Will adjudicate the transfer and determine if segregation is warranted. Will assign a new lease number following consultation with BSEE. Will do a bonding review. **BSEE:** After being alerted by BOEM prior to lease segregation, BSEE will investigate and recommend to BOEM which portion should get the new lease number based on the location of existing wells and/or facilities. When requested, will coordinate with BOEM on lease operational issues e.g., decommissioning, royalty relief, bonding, as necessary. When segregation results in a new lease containing an existing well(s) and/or facility, BSEE will take the proper actions to assign the well(s)/facility to the new lease number in TIMS. **ONRR:** Will add the segregated lease into the MRMFS. Will update parent lease to reflect updated acreage and adjust obligations of rental or minimum royalty.
D. Approve/Change Designations of Lease Operator	FINAL	X	ISO	**BOEM:** Each Regional Office will timely update TIMS. BOEM will ensure that the lease has adequate bonding before approving the change of operator.

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FUNCTION	RESPONSIBILITY			REMARKS
	BOEM	BSEE	ONRR	
				BSEE: Will advise BOEM as necessary on issues regarding decommissioning liabilities, unacceptable performance, and other issues related to company performance prior to approval. **ONRR:** Will update the MRMFS with the new payor if necessary.
E. Revoke/Disqualify Designations of Lease Operator	FINAL	X	ISO	Either Bureau can make a recommendation for disqualification or revocation. BOEM is the responsible party to take the official action. **BOEM:** Will notify operator of unacceptable performance related to BOEM activity. BOEM will determine nature of violation and issue letter of revocation and revoke designation of lease operator. Will notify BSEE/ONRR when action is taken and update TIMS. **BSEE:** Will notify operator of chronic poor operating performance based on ongoing performance assessments. After allowing for operator review and response, if warranted, BSEE will make a determination of unacceptable operating performance and refer to BOEM with a recommendation to disqualify or revoke the operator's Designation as Lease Operator on a single or multiple facilities. **ONRR:** Upon receipt of notification, ONRR will update the MRMFS as needed.
F. Mapping and Boundary Changes	SOLE		ISO	**BOEM:** Will evaluate the current SLA and 8(g) boundaries and perform any necessary revisions. BOEM will also apply the shared 50/50 methodology within the 8(g) zone (if applicable) to calculate block subareas for revenue distribution. **ONRR:** Will perform a weekly data download and update the subarea calculations in the MRMFS, which determines the distribution percentages to the states.
G. Determination of Whether a Lease has a Producible Well (not applicable to Sulphur & Marine Minerals)	SOLE	ISO	ISO	**BOEM:** Will conduct determination of well producibility and will update TIMS with a qualification date. **BSEE:** Will access TIMS to verify a producible well determination has been made prior to certain suspension approvals. **ONRR:** Will perform a weekly data download, updating the MRMFS lease status and changing the financial obligation per the terms of the lease.

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FUNCTION	RESPONSIBILITY			REMARKS
	BOEM	BSEE	ONRR	
H. Determination of Lease Production Status	X	FINAL	ISO	**BSEE:** Once a lease is placed in a producing status, BSEE will receive notification from the lease operator and input the first production date into the Lease Operations Status component in TIMS. Will monitor lease operations status information including: drilling start and end dates, workover start and end dates, and lease cease production dates. BSEE will generate a monthly Leases Due to Expire Report and will verify the report, updating TIMS accordingly. **BOEM:** Will run the Lease Status Error Report and verify all statuses in the Lease Operations Status screen and Lease Data screen in TIMS are the same. BOEM will notify BSEE of discrepancies and will coordinate with appropriate staff to resolve problem. **ONRR:** Will perform a weekly data download. ONRR will input the First Production Date into the MRMFS updating the lease status to producing and changing the financial obligation per the terms of the lease.
IV. LEASE TERM				
A. Automatic Expirations At End of Primary Term	ISO	FINAL	ISO	**BSEE:** Will run monthly report whereby TIMS updates lease status and changes the lease status flag to "expired." DFO will verify that there are no operations that would prevent the lease from expiring. **BOEM:** Will use report to determine lease status for list of blocks available for lease in next lease sale. **ONRR:** Will perform a weekly data download and expire the lease in the MRMFS.
B. Terminations Following Primary Term				
1. Due to Operational Status	X	FINAL	ISO	**BSEE:** Will determine when a lease should be terminated (e.g., if 180 day period is exceeded). BSEE will monitor the lease's operation status, including any suspensions issued, and determine lease termination according to defined regulatory requirements. Will notify designated operator of termination, and ensure changes in lease status are updated in TIMS. BSEE will oversee the decommissioning process. **BOEM:** Upon termination, will make appropriate bonding adjustments, if required. As lessor, each BOEM Regional Office will take appropriate

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FUNCTION	RESPONSIBILITY			REMARKS
	BOEM	BSEE	ONRR	
				steps to verify TIMS to reflect lease status as terminated. BOEM will use report to determine lease status for list of blocks available for lease in next lease sale. **ONRR:** Will perform a weekly data download and terminate the lease in the MRMFS.
2. Due to Failure to Maintain Production in Paying Quantities	X	FINAL	ISO	**BSEE:** Will make determination, notify operator, and send copy of letter to BOEM and ONRR which includes the date the lease terminated by operation of law due to failure to maintain production in paying quantities. Will update information in TIMS. **BOEM:** Will receive copy of notification and, if appropriate, terminate lease in TIMS and scan document into lease file. BOEM will use report to determine lease status for list of blocks available for lease in next lease sale. **ONRR:** Will receive copy of notification and update the MRMFS.
C. Cancellations (Including Cancellation Action for Non-Compliance with Royalty or Rental Requirements)	JOINT	JOINT	JOINT	**BOEM:** Per Secretarial delegation, BOEM has the authority to cancel a lease. BOEM will determine jointly with BSEE and ONRR when a lease should be cancelled, taking into account non-compliance, operational, and conservation issues. Will initiate lease cancellation proceedings and notify BSEE. Will determine appropriate compensation, if any. **BSEE:** Will provide BOEM and ONRR documentation as to current or approved operations on the lease, as well as any conservation concerns, for consideration in the lease cancellation decision. BSEE will advise BOEM so both may take action against any lessee when cancellation proceedings may be needed to obtain compliance with BSEE regulations. **ONRR:** Will determine if there are outstanding obligations that might affect the lease prior to closing out financial responsibility and assist in compensation determination, if any. Through monitoring, when ONRR has unsuccessful debt collection, ONRR will advise BOEM and BSEE so BOEM may take action against any guarantors or when cancellation proceedings may be needed to obtain compliance with rent or royalty payments.

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	BOEM	BSEE	ONRR	
I. Determination of Compensation Amount for a Lease Cancellation, if Appropriate	FINAL	X	X	**BOEM:** Will evaluate the circumstances and make a determination of appropriate compensation, if any. **BSEE:** Will assist BOEM in the evaluation of lease specific costs incurred by the lessee and other relevant parties as needed. **ONRR:** Will provide information on prior payments made to DOI with respect to the lease being cancelled.
D. Relinquishments *Although a relinquishment may occur while the lessee still has outstanding payments (i.e., decommissioning,), those obligations do not terminate with the relinquishment and must be monitored by the three bureaus post-relinquishment.*	FINAL	X	ISO	**BOEM:** Each BOEM Regional Office will review the Relinquishment documents from the record title owner(s) to determine if they are acceptable. If the lease is included in a Unit, BOEM will contact BSEE prior to relinquishment. Once the relinquishment is acceptable, BOEM will update TIMS. **BSEE:** Will determine acceptability of relinquishment when the decision is required under the BSEE approved unitization agreement. (If BSEE receives a request from the unit operator prior to a submittal to BOEM to relinquish, BSEE will copy BOEM on correspondence relating to whether or not BSEE has an issue with removing the acreage from the unit.) If there have been lease operations on the relinquished acreage, BSEE will monitor for decommissioning obligations. **ONRR:** Will perform a weekly data download and relinquish the lease in the MRMFS.
E. Post-Lease Obligations *Although a lease may be cancelled, terminated or relinquished, the lessee may still have outstanding payments, decommissioning, bonding and other obligations that do not terminate with the relinquishment and must be monitored by the three bureaus post-relinquishment. Because BOEM retains a bond for up to seven years after the end of the lease, BOEM should make the determination when this monitoring is no longer required.*	FINAL	X	X	**BOEM:** Prior to decommissioning, will prepare site-specific NEPA analyses in coordination with BSEE permitting needs. Each BOEM Regional Office will monitor the lease for compliance with bonding requirements. When operators contact BOEM to cancel the bond, BOEM will contact BSEE for verification that the decommissioning process has been completed. **BSEE:** Will monitor for decommissioning obligations, coordinate on and use the resulting BOEM NEPA analyses for its decision document, and ensure that the appropriate permit requirements are completed prior to decommissioning. BSEE will monitor company compliance with NEPA/permitting conditions. Upon request, will provide final site clearance date to BOEM as evidence that all decommissioning obligations have been met.

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	BOEM	BSEE	ONRR	
				ONRR: Will monitor for resolution of all payment obligations. ONRR will keep BOEM and BSEE informed of unresolved issues.
V. LEASE STATUS				
A. Requested Suspensions of Operations and Production	ISO	SOLE	ISO	**BSEE:** Will receive and evaluate requests for Suspension of Operations and Suspension of Production. If granted, BSEE will enter information into TIMS (e.g., approval date, start and end dates for the suspension, etc.) and notify BOEM and ONRR via copy of the action letter. **BOEM:** Will receive notifications of the suspensions. BOEM will update TIMS manually for lease status and change lease expiration date, if appropriate. **ONRR:** Will enter suspension information into the MRMFS when the lease obligations are impacted.
B. Directed Suspension of Operations (DSO) and Suspensions of Production	ISO	SOLE	ISO	**BSEE:** Has the regulatory authority to direct suspensions of operations and/or suspensions of production. BSEE will enter information into TIMS (e.g., action date, start and end dates for the suspension, etc.) and notify BOEM and ONRR via copy of the action letter. **BOEM:** Will receive notifications of the directed suspensions. BOEM will update TIMS manually for lease status and change lease expiration date, if appropriate. **ONRR:** In the event of a DSO, BSEE will coordinate with ONRR on dates of suspension, rentals involved and any other lease term issues as needed. ONRR will receive a copy of the action letter and update the MRMFS. The lease will be put into a suspended status and the rentals will be prorated.
C. Earned Extension of the Primary Term	X	FINAL	ISO	**BSEE:** Will receive and evaluate operator requests for an extension of the primary term based on the pre-established criteria in the lease instrument. If confirmed, BSEE will enter information into TIMS, send a confirmation letter to the operator, and supply a copy of the letter to BOEM and ONRR. **BOEM:** Each Regional Office will update TIMS upon confirmation of the lease extension to reflect the additional years earned. **ONRR:** If an extension is earned, will update the expiration date in the

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	BOEM	BSEE	ONRR	
				MRMFS and review for impact on lease obligations. Information is received in the weekly data download. Where applicable, rentals will be escalated.
D. Verification of the 180 days Allowed after Cessation of a Leaseholding Operation	X	FINAL	ISO	**BSEE:** Will monitor lease operations status information including: drilling start and end dates, workover start and end dates, and lease production dates. BSEE will verify the 180-day period is applicable based on the operation conducted and will populate TIMS to reflect the new date in which a leaseholding operation must resume or a request for suspension be received in order to maintain the lease. **BOEM:** Will run the Lease Status Error Report and verify all statuses in the Lease Operations Status screen and Lease Data screen in TIMS are the same. BOEM will notify BSEE of discrepancies and coordinates with appropriate staff to resolve problem. **ONRR:** If an extension is granted, will update the expiration date in MRMFS. Information is received in the weekly data download.
E. Extension of More than the 180 Days to Resume Operations	ISO	SOLE	ISO	**BSEE:** Will receive and evaluate operator requests for extension of the180-days to resume operations. If approved, each Regional Office will enter information into TIMS (e.g., end date of extension) and will send copy of decision letter to BOEM and ONRR. **BOEM:** Will receive notification of extension from BSEE via TIMS. **ONRR:** If an extension is granted, ONRR will update the expiration date in MRMFS. Information is received in the weekly data download.
F. Notification of First or Resumed Production in Paying Quantities	ISO	SOLE	ISO	**BSEE:** Will update TIMS upon notification from lease operator (normally via email followed by hard copy letter). **BOEM:** Will receive notification of production status from BSEE in terms of paying quantities via TIMS. **ONRR:** Will perform a weekly data download. First Production Date is input into the MRMFS updating the lease status to producing and updating the financial obligation appropriate to the lease.
G. Bankruptcy Notification Procedures	JOINT	JOINT	JOINT	**BOEM/BSEE/ONRR:** Any of the three bureaus may receive Notices of Bankruptcy. The bureau receiving a Notice of Bankruptcy will inform the other two bureaus. Each bureau will assign internal liaisons to work with the DOI Solicitor and DOJ throughout the proceedings.

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				Each bureau will prepare proofs of claim in consultation with the DOJ Solicitor.
H. Offshore Interagency Data Verification System (OIDVS)	JOINT	X	JOINT	**BOEM:** Will extract TIMS data monthly and send to ONRR contractor to publish comparison reports to the Data Warehouse. Will assist ONRR in identifying and resolving issues on an as needed basis. **ONRR:** Will analyze and research system mismatches and resolve with the help of BSEE/BOEM as-needed. **BSEE:** Will assist ONRR in identifying and resolving any issues on an as-needed basis.
VI. RIGHTS-OF-USE AND EASEMENT				
A. Issue Right-of-Use and Easement (RUEs)	FINAL	X	X	**BOEM:** Will notify and provide BSEE with a hard copy or electronic copy of the RUE request and supporting information. BOEM will conduct site specific environmental impact analysis and prepare the appropriate NEPA decision documents and applicable mitigations/CoAs. Will coordinate with ONRR to confirm payment of first year rental prior to RUE issuance. Each BOEM Regional Office will approve RUE and timely update TIMS. **BSEE:** Will conduct a structural review for RUEs that increase load to the facility, include damaged facilities, or request to man a facility. BSEE will expedite all reviews and respond to BOEM on every RUE received. Will provide a decommissioning cost estimate to BOEM for bonding purposes. Will also be involved in cases involving conservation issues. **ONRR:** Will notify BOEM via email of first year rentals received. When the RUE is approved, this information is captured in the weekly data download, and the new RUE is added to the MRMFS.
B. Terminate/Cancel Right-of-Use and Easement (RUEs)	FINAL	X	ISO	**BOEM:** Will coordinate with BSEE to confirm that there are no outstanding issues prior to RUE termination. Upon termination, BOEM will make appropriate bonding adjustments, as required. When operators contact BOEM to cancel the bond, BOEM will utilize TIMS to acquire clearance dates or, if needed will contact BSEE for verification that the decommissioning process has been completed. If required, will conduct site specific environmental analysis and prepare the appropriate NEPA

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				document(s). Each BOEM Regional Office will terminate the RUE and timely update TIMS. **BSEE:** Will submit completed decommissioning plan/application to BOEM for environmental analysis. Will oversee the decommissioning process. Clearance dates will be entered into TIMs. **ONRR:** Will perform a weekly data download and terminate RUE in the MRMFS. Will review payment history to ensure all obligations are met.
C. Relinquish Right-of-Use and Easement (RUEs)	FINAL	X	ISO	**BOEM:** Will coordinate with BSEE to confirm that there are no outstanding issues prior to RUE relinquishment. Upon relinquishment, BOEM will make appropriate bonding adjustments, as required. When operators contact BOEM to cancel the bond, BOEM will utilize TIMS to acquire clearance dates or, if needed will contact BSEE for verification that the decommissioning process has been completed. If required, will conduct site-specific environmental analysis and prepare the appropriate NEPA document(s). Each BOEM Regional Office will terminate the RUE and timely update TIMS. **BSEE:** Will submit complete decommissioning plan/application to BOEM for review and environmental analysis. BSEE will oversee the decommissioning process. Will verify all decommissioning obligations have been met. Clearance dates will be entered into TIMS. **ONRR:** Will perform a weekly data download and relinquish RUE in the MRMFS. Will review payment history to ensure all obligations are met.
VII. RIGHT-OF-WAY ACTIONS				
A. Issue Pipeline Right-of-Way (ROWs) Grants and Review and Approve ROW Pipeline Applications	X	FINAL	X	**BSEE:** Will coordinate pipeline permit applications with BOEM for OSRP review, OSFR, sand and gravel multiple use considerations, hazard survey, and NEPA review. Will use BOEM's environmental analysis for BSEE decision-making, if adequate. If the analysis is inadequate, then BSEE will provide the complete ROW application/plan and work with BOEM to obtain supplemental or new analysis, including any applicable mitigations/CoAs are included and issue BSEE's NEPA compliance document. Will confirm with BOEM that appropriate Bonding has been

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				secured prior to approving the ROW and issuing the permit. Will update TIMS upon approval. **BOEM:** Will process and track company qualifications and bonding. BOEM will conduct environmental analysis for ROW pipeline plans/applications. Will secure the required bonding for the proposed pipeline and accessories and appurtenances prior to BSEE approval of the pipeline ROW grant. **ONRR:** Will verify rentals are received. When the ROW is approved, this information is captured in the weekly data download, and the new ROW is added to the MRMFS.
B. Modify Pipeline Right-of-Way (ROWs) (e.g., Change the Boundaries of the ROW or Add or Remove an Accessory Structure)	X	FINAL	X	**BSEE:** Will coordinate pipeline ROW modifications with BOEM, including sand and gravel multiple use considerations. If BOEM's prior environmental analysis is inadequate, BSEE will provide the complete ROW modification application/plan and work with BOEM to obtain supplemental or new analysis. BSEE will confirm with BOEM that appropriate bonding has been secured prior to approving the ROW modification and issuing the permit. Will update TIMS upon approval. **BOEM:** Will process supplemental bonding. In the event that the modification requires additional environmental analysis, BOEM will supplement the analysis or do a new analysis and include any associated mitigations/CoAs after receiving the complete ROW modification application/plan from BSEE. **ONRR:** Will perform a weekly data download; adjust mileage and rentals as necessary. ONRR will update inspections process, if the change involves meters.
C. Assignment of Pipeline Right-of-Way (ROWs)	X	FINAL	ISO	**BSEE:** Will review and approve all ROW assignments and rely on data entered in TIMS by BOEM related to company qualification and bonding. Each Regional Office will update TIMS after approval. Will obtain verification from ONRR that all payments have been received from transferor prior to approval of assignment. BSEE will not approve assignment of ROW until it verifies that BOEM has completed the qualification of the assignee and the bonding changes for both parties. **BOEM:** Will handle company qualifications and bonding data and

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	BOEM	BSEE	ONRR	
				update TIMS for use by BSEE. **ONRR:** Will perform a weekly data download and update the owner of the ROW in the MRMFS.
D. Termination (e.g., Relinquishment, Expiration, Forfeiture) of Pipeline Right-of-Way	X	FINAL	ISO	**BSEE:** Will review and approve applications from pipeline ROW holders to relinquish pipeline rights-of-way and decommission associated pipelines, accessories, and appurtenances, if applicable. Each BSEE Regional Office will terminate ROWs and timely update TIMS to reflect pipeline ROW terminations. Will oversee the decommissioning process and verify all decommissioning obligations have been met. Clearance dates will be entered into TIMs. If BOEM's prior environmental analysis is inadequate, will provide pipeline decommissioning applications/plans to BOEM and work with BOEM to obtain supplemental or new analysis. **BOEM:** Prior to termination, BOEM will make appropriate bonding adjustments, as required. BOEM is to receive completed pipeline decommissioning applications/plans if a determination by BSEE is made that BOEM's prior environmental analysis is inadequate in which case BOEM will do a supplemental or new environmental analysis. . When a pipeline ROW holder contacts BOEM to cancel the bond, BOEM will utilize TIMS to acquire clearance dates. **ONRR:** Will perform a weekly data download and terminate ROW in the MRMFS. Will review payment history to ensure all obligations are met.
VIII. BONDING & FINANCIAL ASSURANCE				
A. Determination and Collection of General Bond or Other Form of Financial Assurance	FINAL	X	X	**BOEM:** Will collect General Bonds in amounts dictated by regulations or in a higher amount set by BOEM, depending on the circumstances. **BSEE:** Will provide information to BOEM, if necessary and appropriate, when requesting that BOEM set a bond amount in excess of the amounts stated in the regulations. **ONRR:** Will provide information to BOEM, if necessary and appropriate, when requesting that BOEM set a bond amount in excess of the amounts stated in the regulations.

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B. Determination of Amount and Collection or Waiver of Supplemental Bond or Other Form of Financial Assurance	FINAL	X	X	**BOEM:** Will conduct initial financial strength review and determine supplemental bond levels utilizing information provided by BSEE and ONRR. BOEM will notify operator of qualification for supplemental bonding waiver or issues supplemental bonding order. **BSEE:** Will provide estimated cost to perform decommissioning on a Lease/ROW/RUE to BOEM. **ONRR:** Will provide information on potential royalty assessments to BOEM.
C. Approve Termination of the Period of Liability under a Bond *This does not apply to bonds where the period of liability is terminated and immediately replaced with another bond.*	FINAL	X	X	**BOEM:** Will contact ONRR and consult with BSEE prior to terminating periods of bond liability for such leases (if applicable). **BSEE:** Will be consulted regarding potential Civil Penalties outstanding and will provide final site clearance date as evidence that all decommissioning obligations have been met. **ONRR:** Will confirm via email that all lease liabilities are paid and the bond can be released.
D. Cancel a Bond	FINAL	X	X	**BOEM:** Will contact ONRR and consult with BSEE prior to cancellation. **BSEE:** Will be consulted regarding potential Civil Penalties outstanding and will provide final site clearance date as evidence that all decommissioning obligations have been met. **ONRR:** Will confirm via email that all lease liabilities are paid and the bond can be released.
E. Monitor Leases, ROWs, RUEs and Marine Mineral MOAs for Activities that would Trigger a Bonding Review *(e.g., transfers to non-waived parties, changes in planned activities, hurricanes or natural disasters, addition of accessory structures, non-payments of royalties, INCs, etc.)*	JOINT	JOINT	JOINT	**BOEM/BSEE/ONRR:** Responsible for monitoring relevant activities to determine if any triggering events occur that cause the default of lease obligations. Bureaus will notify each other of any triggering events.
F. Change Bond Amount Based on Triggers	FINAL	X	X	**BOEM:** Will conduct ongoing financial strength review and determine bond levels utilizing information provided by BSEE and ONRR. Issues new bonding order, if appropriate.

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	BOEM	BSEE	ONRR	
				BSEE: Will provide revised estimated cost to perform decommissioning on a Lease/ROW/RUE to BOEM. **ONRR:** Will provide revised information on potential royalty assessments to BOEM.
G. Issue a Demand for Payment or Performance by a Surety or Guarantor for Lease/ROW/RUE or Marine Minerals MOA Holders	FINAL	X	X	**BOEM:** Will issue demand and notify BSEE and ONRR of funds received. **BSEE:** Will identify non-performance and request that BOEM issue the demand. BSEE will provide information on performance rendered in lieu of payment. **ONRR:** Will identify non-payments and requests that BOEM issue the demand. Will provide information on payments received.
IX. FORMAL AGREEMENTS (not applicable to Sulphur & Marine Minerals)				
A. Gas Storage	FINAL	X	ISO	**BOEM:** Per the current regulations, BOEM will authorize subsurface storage of gas on the OCS and issue a storage agreement. Will notify BSEE upon receiving such request and forward gas storage proposal details. Will set the storage fee and provide notification to BSEE and ONRR. **BSEE:** Will review the gas storage proposal to determine if there are possible negative impacts to OCS reservoirs. In accordance with the approved agreement, will process and approve the required permits if consistent with BSEE regulations and oversee the operations of the gas storage. **ONRR:** Will receive a copy of the agreement and enter the Gas Storage Agreement and the fee schedule into the MRMFS.
B. Unitization				
1. Evaluate and Approve Unitization or Require Compulsory Unitization	ISO	SOLE	ISO	**BSEE:** Will furnish ONRR (FM) and BOEM a copy of the approved Unit Agreement, amendments thereto, Participating Area revisions, and notice of termination of the unit. BSEE will make the Unit Operating Agreement available for review in BSEE's office upon request. **BOEM:** Will continue normal monitoring of companies and bonding at

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				the lease level. **ONRR:** Upon receipt of notification, ONRR will add, update or terminate the Unit in the MRMFS.
2. Approve/Change Designation of Unit Operator	ISO	SOLE	ISO	**BSEE:** Will approve unit operator and any subsequent changes to unit operator. BSEE will input unit operator in TIMS and notify both BOEM and ONRR. **BOEM:** BOEM may access this information in reviewing lease assignments, obligations, or relinquishments. **ONRR:** Will receive notification from BSEE and updates Unit Operator in the MRMFS.
X. OPERATIONS ACTIONS				
A. Approve Surface Commingling, Production Measurement and Allocation Procedures for Royalty Determination		SOLE	ISO	**BSEE:** Each Regional Office will make available to ONRR a copy of the approval document through a commonly-accessible database and network drive. For unusual cases, BSEE will discuss any potential problem areas with ONRR before approving final royalty and allocation procedures. **ONRR:** Will access the Commingling and Measurement Approval database to retrieve commingling/measurement agreements.
B. Compensatory Payment Assessment:				
1. Issue Notice Requiring Compensatory Payment (Calculation of percentage of offending production due as compensation for loss)	ISO	SOLE	ISO	**BSEE:** The Regional Office will provide ONRR (FM and ACM) a copy of the action document showing the percentage of offending production due as compensation. Will ensure the lease is maintained as long as the payments are required. **BOEM:** Will receive notification from BSEE and ensure the lease is maintained as long as the payments are required. **ONRR:** Will receive notification from BSEE and enter into the MRMFS as applicable. ONRR will ensure payments are received and will notify BSEE if payments cease.
2. Terminate Compensatory Payments	ISO	SOLE	ISO	**BSEE:** Notifies operator and ONRR when compensatory payments are no longer due. The Regional Office will provide ONRR (FM) and BOEM a copy of the action document.

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				BOEM: Will receive a copy of the action. **ONRR:** Will receive notification from BSEE and enters into the MRMFS as applicable.
C. Determination of Avoidable Loss of Minerals for which Royalty Compensation is Due		FINAL	X	**BSEE:** Will consult with ONRR on royalties to be paid, if needed. Advise FM/ACM by copy of the action document and advise ACM of any appeal and its final disposition. **ONRR:** Will receive notification from BSEE and collect the funds.
D. Approve/Disapprove Secondary and Tertiary Recovery Projects (not applicable to Solids)	ISO	SOLE	ISO	**BSEE:** Each Regional Office will provide a copy of the action document to ONRR (FM) and BOEM. **BOEM:** Will receive a copy of the action document from BSEE. **ONRR:** Will enter into the MRMFS as needed.
E. Transmittal and Loading of Monthly Oil & Gas Operations Reports (OGORs) and Production Allocation Schedule Reports (PASRs)	ISO	JOINT	JOINT	**ONRR:** Will transmit accepted OGOR and PASR data from the previous week to BSEE (MAE Section). **BSEE:** Will load these files into TIMS. Any error lines will be researched and resolved prior to subsequent data loads. **BOEM:** Has access to view OGORS in TIMS as needed.
F. Transmittal of Solids Report on the P&R (Sulphur & Marine Minerals as applicable)	ISO	X	FINAL	**ONRR:** Will email production data from the P&R to the BSEE MAE Section on an as-needed basis. **BSEE:** Will request information on solids production from ONRR as needed. **BOEM:** Will request information from ONRR as needed.
G. Establish Facility/Measurement Point (FMP) Number and Maintain Information (not applicable to Sulphur & Marine Minerals)		SOLE	ISO	**BSEE:** Each Regional Office will update TIMS with FMP information. **ONRR:** Will perform a weekly data download and update the MRMFS.
H. Well Information Form (WIF) (not applicable to Sulphur & Marine Minerals)		SOLE	ISO	**BSEE:** Each Regional Office will update TIMS with well information. **ONRR:** Will perform a weekly data download and update the MRMFS.
I. Approve Other Volumes Subject to Royalty (e.g., Test Production)		SOLE	ISO	**BSEE:** Will send email notifications to ONRR (FM /ACM) detailing royalty-bearing volumes. **ONRR:** Will receive notification from BSEE and updates the MRMFS.
J. Inspection Fees for Production Facilities (Determination and Collection)		FINAL	X	**BSEE:** Will provide to ONRR (FM), by the end of December, a detailed list of all inspection fees owed by the designated Operator of the facility

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				in place at the start of the Fiscal Year. BSEE will work with ONRR to resolve all contested fees. **ONRR:** Will receive report from BSEE and bill/collect fees based on that report. All billing will be received by the facility Operators by January 31 per the DOI, Environment, and Related Agencies Appropriations Act for the fixed facilities.
K. Inspection Fees for Rigs (Determination and Collection)		FINAL	X	**BSEE:** Will provide to ONRR (FM) a detailed list of all inspection fees owed by the designated Operator of the Rigs on a monthly basis to be received no later than the 17th of the month. BSEE will work with ONRR to resolve all contested fees. **ONRR:** Will receive a monthly report from BSEE and bill/collect fees based on that report. The billing will be received by the Rig Operators on a monthly basis.
XI. PRODUCTION VERIFICATION				
A. Measurement Inspection RSA: (not applicable to Sulphur & Marine Minerals)		JOINT	JOINT	**ONRR/BSEE:** ONRR and BSEE (GOMR) will coordinate through the Reimbursable Support Agreement (RSA) to conduct measurement inspections. **ONRR:** Will monitor the cost of performance parameters per the RSA. (See RSA for detail on services and financing.)
1. Measurement Inspection Duties		SOLE	ISO	**BSEE:** Measurement Inspectors will perform complex measurement and site security inspections of oil and gas measurement facilities on Outer Continental Shelf (OCS) platforms and onshore separation facilities located in BSEE's GOMR that measure Federal OCS oil and gas production. **ONRR:** Will utilize information from the inspection activity.
2. Measurement Inspection Program Development		JOINT	JOINT	**ONRR:** Will participate in a collaborative strategic effort to identify opportunities and implement recommendations for the development of a more comprehensive production accountability program. ONRR will provide technical liaison(s) and a focal point for ONRR audit support requests to BSEE for the inspection and/or investigation of GOMR gas plant production processing, measurement, allocation, and product disposition (when needed) to assist and support audits. ONRR will

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	BOEM	BSEE	ONRR	
				facilitate internal sharing of information related to production measurement issues such as understanding BSEE approval letters for surface commingling, measurement, and allocation of oil and gas production. ONRR will participate in development of inspector guidance. Will stay informed of new measurement technologies and attend technical training on applicable oil and gas sampling and measurement concepts. ONRR will build collaborative working relationships with all measurement functions within BSEE to drive a common understanding of issues and solutions related to these same functions. **BSEE:** Will ensure standard requirements are fulfilled. BSEE will agree on training protocols.
3. Review and Monitoring for Production Verification		JOINT	JOINT	**BSEE:** Will provide monthly progress reports to ONRR which highlight the active gas royalty meter calibrations witnessed, liquid hydrocarbon royalty meter provings witnessed, and site-security inspections performed on high risk and low risk measurement locations. BSEE will hold teleconferences and face to face meetings with ONRR as requested to ensure consistency and proper policy implementation. BSEE will review prior year performance data and develop tentative goals and draft work plans on an annual basis beginning with fiscal year 2014. BSEE will provide a report of Incident of Noncompliance citations to ONRR (PRV) periodically upon request until a shared data management system has been created and implemented. Will promptly notify ONRR of any irregularities discovered during measurement inspection activities which may have a bearing on royalty collection or reporting. **ONRR:** Will inform BSEE of any action taken.
4. External Communications and Reporting Activities for Production Verification		JOINT	JOINT	**BSEE:** Will meet with offshore oil and gas operators, pipeline company personnel, third-party measurement specialists, and other agency's representatives to clarify measurement requirements and communicate measurement inspection issues. BSEE will assist in responses to recommendations from the GAO and/or the OIG, or other oversight committees related to production data accuracy issues where BSEE and ONRR share responsibility. **ONRR:** Will participate in meetings and conferences held to address

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				issues raised by the GAO, OIG, or other oversight committees related to issues where BSEE and ONRR have shared responsibility. ONRR will create metrics and reports for BSEE and ONRR management to track progress and communicate the successes and improvement opportunities for the program.
B. Liquid & Gas Verification Systems: (not applicable to Sulphur & Marine Minerals)				
1. Oil and Gas Quantity and Quality Verification		SOLE	ISO	**BSEE:** Will provide ONRR (PRV) with data resulting from liquid and gas sales verification activities. **ONRR:** Will perform exception resolution.
2. Exception Resolution		X	FINAL	**ONRR:** PRV will research and resolve volume and quality exceptions with as-needed assistance from BSEE. Will consult with BSEE to jointly decide if the established thresholds that generate the exceptions should be changed. **BSEE:** Will assist on an as-needed basis to resolve exceptions. Will consult with ONRR to jointly decide if the established thresholds that generate the exceptions should be changed.
C. Lease-Level Production Allocation Reviews		JOINT	JOINT	**BSEE:** Will perform a well and lease-level production allocation review according to its internal processes and procedures based on the annual risk report supplied by ONRR. If BSEE identifies well and/or lease production allocation issues, it will request the appropriate measurement changes from the operator and notify ONRR of relevant findings. **ONRR:** Will follow-up, track, and resolve any issues related to production reporting and/or royalty payments.
D. Gas Sample Analysis (not applicable to Sulphur & Marine Minerals)		SOLE	ISO	**BSEE:** Upon request, will make available to ONRR any gas sample analysis reports obtained from operators. **ONRR:** Will use the data to improve the gas volume comparison tool.
E. Gas Plants (not applicable to Sulphur & Marine Minerals)		X	FINAL	**ONRR:** Will audit gas plants at which Federal production is measured. **BSEE:** Will assist ONRR with audits on an as-needed basis.

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	BOEM	BSEE	ONRR	
XII. ROYALTY RELIEF				
A. Volumes		SOLE	ISO	**BSEE:** Will track production and provide to ONRR notification of cumulative volumes quarterly. **ONRR:** Will update the Data Warehouse with suspension volumes.
B. Notification of Royalty Due		FINAL	X	**BSEE:** Will monitor volumes and notify ONRR (ACM/FM) after total suspension volumes are met. **ONRR:** Will enter into the MRMFS when suspension volumes have been met and lease goes into Minimum Royalty status. Will ensure that royalty payments are collected.
C. Process Applications for Discretionary Royalty Relief	ISO	SOLE	ISO	**BSEE:** Will coordinate with ONRR, if necessary, prior to acting on the request, and upon approval, furnish ONRR with a copy of the action document. **BOEM:** Will be called upon to lend assistance as needed and will provide price forecasts. **ONRR:** Will update the MRMFS with the new rate if applicable.
D. Determine Royalty Relief Split Applicable to Segregated Leases	FINAL	X	ISO	**BOEM:** Will notify ONRR and BSEE on how the relief volumes will be split, upon segregation to avoid excessive royalty relief. **BSEE:** Will receive notification of the segregation and the associated royalty relief volumes and track the royalty free production. **ONRR:** Will update the MRMFS as needed and update volumes in the Data Warehouse.
XIII. PRODUCT VALUATION/AUDITING				
A. Transportation Allowances		X	FINAL	**ONRR:** Will audit transportation allowances claimed by the lessee. May provide guidance to the lessee on 1) how to report an allowance on Form ONRR-2014 and 2) what charges incurred by the lessee may be included in the transportation allowance. **BSEE:** Will provide, at the request of ONRR (ACM and AV) information with respect to the handling and gathering of lease production data when required to determine a reasonable transportation allowance.
B. Gas Processing Allowances		X	FINAL	**ONRR:** Will audit gas processing allowances claimed by the lessee.

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(not applicable to Sulphur & Marine Minerals)				May provide guidance to the lessee on 1) how to report an allowance on Form ONRR-2014 and 2) what charges incurred by the lessee may be included in the gas processing allowance. **BSEE:** At the request of ONRR (ACM and AV), will provide technical input to the approval of unusual or extraordinary gas processing cost allowances.
C. Lease/Company Royalty Audits		X	FINAL	**ONRR:** Will conduct lease/company royalty audits. **BSEE:** Will provide information regarding royalty measurement and field handling of production within an agreed timeframe after a request from ONRR.
D. Unbundling		X	FINAL	**ONRR:** Will determine allowable percentages for transportation and processing deductions. **BSEE:** Will upon request, assist ONRR with the assessment of the use and function of pipeline and/or gas plant related equipment in order to determine allowable charges for transportation and processing deductions.
E. Audit Liaison	X	X	FINAL	**ONRR:** ONRR will review the referral to determine priority in the workplan and which type of compliance process (audit/compliance review) to be utilized. **BOEM/BSEE:** May refer issues identified for audit or compliance reviews on companies, properties, or FMP allocation reviews.
XIV. VIOLATIONS (INCS, Citations, Civil Penalties, and other Sanctions)				
				BOEM and BSEE: Responsibilities and coordination with respect to these topics will be addressed through a separate compliance and enforcement Memorandum of Agreement (MOA) and SOP. **ONRR:** Based on the MOA between BOEM and BSEE, the responsible party/parties will provide ONRR copies of final penalty notices which include detailed ONRR payment instructions. Upon notification from BOEM/BSEE, ONRR will track and collect penalties and notify BOEM/BSEE upon receipt of payment. ONRR will pursue Debt Collection follow-up if payment is not received.

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XV. REGULATIONS and NTLs				
Regulations (Proposed Rules, Final Rules, and their Variations, including Joint Rules), Notices to Lessees and other Regulatory Guidance Documents				The three bureaus will meet quarterly prior to submission of the Office of Management and Budget 90-day List to ensure that each bureau is aware of the current and proposed regulatory priorities of the other agencies. Coordination will occur through the appropriate bureau regulations units: the Office of Policy, Regulations, and Analysis (OPRA) for BOEM, the Regulations and Standards Branch (RSB) for BSEE and Program Planning & Support (PPS) for ONRR. Each bureau's Federal Register Liaison (FRLO) or position otherwise designated by the bureau will be the point of contact (POC) for the coordination of meetings and any follow-on discussions between bureaus. The issuance of any joint regulations, NTLs or other guidance documents will be coordinated between the relevant bureaus through the appropriate regulations units within each bureau by the FRLO (or position otherwise designated by the bureau). Any associated administrative abstracts or schedules provided internally or externally to the Department will be coordinated for consistency by the FRLO in advance of the deadlines. Any meetings associated with joint regulations, NTLs, or guidance documents will be represented by each of the affected bureaus as they see fit.

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Walter D. Cruickshank — 3-10-2014

Walter Cruickshank
Deputy Director, Bureau of Ocean Energy Management

Date

Margaret Schneider — 3/6/14

Margaret Schneider
Deputy Director, Bureau of Safety and Environmental Enforcement

Date

Deborah Gibbs Tschudy — 3/17/14

Deborah Gibbs Tschudy
Deputy Director, Office of Natural Resources Revenue

Date

This Division of Responsibility Attachment A will become effective 30 days from the latest date of the Participants' signatures and shall be reviewed annually by the Steering Committee for the first two years and biennially thereafter.

Offshore Renewable Energy Resources

Attachment B

Information Sharing and Bureau Responsibilities

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ACM	– Audit and Compliance Management (ONRR)
BOEM	– Bureau of Ocean Energy Management
BSEE	– Bureau of Safety and Environmental Enforcement
COP	– Construction and Operations Plan
CVA	– Certified Verification Agent
DFO	– District Field Operations (BSEE)
FM	– Financial Management (ONRR)
GAP	– General Activities Plan
GL	– General Ledger (ONRR)
LDMS	– Leasing Data Management System (BOEM)
MRMFS	– Minerals Revenue Management Financial System
OE	– Office of Enforcement (ONRR)
ONRR	– Office of Natural Resources Revenue
OORP	– Office of Offshore Regulatory Programs (BSEE)
OPRA	– Office of Policy, Regulation and Analysis (BOEM)
OREP	– Office of Renewable Energy Programs (BOEM)
PD	– Production and Development (BSEE)
PRV	– Production, Reporting and Verification (ONRR)
RFO	– Regional Field Operations (BSEE)
ROW	– Right-of-Way
RSA	– Reimbursable Service Agreement
RUE	– Right of Use and Easement
SAP	– Site Assessment Plan
SLA	– Submerged Lands Act
SOP	– Standard Operating Procedures
TDMS	– Technical Data Management Section
TIMS	– Technical Information Management System

Attachment B
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FUNCTION	RESPONSIBILITY			REMARKS
	BOEM	BSEE	ONRR	
I. PRELEASING ACTIONS				
A. Competitive				
1. Proposed Sale Notice	FINAL	RVW	X	**BOEM:** As part of regularly scheduled coordination, BOEM will lead telecons to discuss draft notices. ONRR is not part of BOEM's surnaming process. **BSEE:** Will have an opportunity to comment and/or provide advice. **ONRR:** Will participate in telecons to discuss draft notices. ONRR will have the opportunity to comment on the fiscal terms through regularly scheduled coordination telecons and will be given the opportunity to review and offer comments prior to surnaming.
2. Final Sale Notice	FINAL	ISO	X	**BOEM:** As part of regularly scheduled coordination, BOEM will lead telecons to discuss draft notices. ONRR is not part of BOEM's surnaming process. **BSEE:** May be requested to review and comment on draft notices. **ONRR:** Will participate in telecons to discuss draft notices. ONRR will have the opportunity to comment on the fiscal terms through regularly scheduled coordination telecons and will be given the opportunity to review and offer comments prior to surnaming.
B. Non-Competitive				
1. Lease Negotiations	FINAL	RVW	X	**BOEM:** Will send a courtesy copy of the lease to ONRR (FM) during preliminary surnaming process (or earlier) for review of lease terms. In the event of a required system change due to provisions of the lease, ONRR will be consulted. ONRR is not part of

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	BOEM	BSEE	ONRR	
				BOEM's surnaming process. **BSEE:** Will be provided a copy of the lease during the preliminary surnaming process and will have an opportunity to comment and/or provide advice on lease stipulations relating to the operational safety and environmental enforcement of the activities to be conducted on the lease. **ONRR:** Will review fiscal terms (e.g., rentals, bonuses, operating fees) and their implementation and provide comments, as appropriate, during the preliminary review process.
2. Acquisition Fees *Pay.Gov is only capable of generating one email notification, which at this time is sent to BOEM. It is important that both BOEM and ONRR are notified, so BOEM must notify ONRR when payment is confirmed through Pay.Gov.*	X		FINAL	**BOEM:** When Pay.Gov automatic notification of an Acquisition Fee payment goes to BOEM, BOEM will notify ONRR (FM/GL) when received. **ONRR:** Will run monthly data downloads from Pay.Gov to review all acquisition fees received and confirm receipts with BOEM. Will receive and credit payments into the appropriate account until lease is issued or Acquisition Fee is applied to a bonus bid in a competitive lease sale. In the event of forfeiture of the acquisition fee by the company, ONRR will send the Acquisition Fee to Treasury as directed by BOEM.
II. LEASING AND GRANT ACTIONS				
A. Bonus Payments:				
1. Bonus Bid Deposits	X		FINAL	**ONRR:** Will accept all bid deposits, notify BOEM of bid deposit receipt and will credit deposits to the appropriate accounts. Will apply any previously submitted applicable acquisition fees to the bid deposits. **BOEM:** Will notify companies of procedure to place bids on Pay.Gov prior to auction.

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	BOEM	BSEE	ONRR	
2. Bonus Refunds	X		FINAL	**BOEM:** Will notify ONRR of auction results. If applicable, BOEM will notify ONRR (FM/GL) by memorandum of the rejection of any high bids and to whom refunds should be made. **ONRR:** Will process the refunds as designated by BOEM.
B. Multiple Factor Auction Procedures *SOP under development*	JOINT		JOINT	**BOEM:** Will submit to ONRR a list of qualified companies able to participate in the auction, set up the auction process, oversee auction and process bids. **ONRR:** Will set up company accounts in Pay.Gov so bidders can submit bid deposits. When the company/individual setup is complete, ONRR will notify each individual that setup is completed and bids may be submitted.
C. Calculate Project Area/Geographic Center / Shareable Determination	SOLE		ISO	**BOEM:** Prior to issuing lease, BOEM will perform the calculations determining the geographic center of the project and enter in TIMS which will update lease data. **ONRR:** FM will receive shareable information in the initial new lease download of TIMS and will enter into the MRMFS when loading the new lease. Shareable determination directly impacts the distribution of funds.
D. Issue Lease	FINAL	RVW	X	**BOEM:** Will issue the lease only after receiving email notification from ONRR confirming receipt of the balance of the bonus bid. Will adjudicate lease in TIMS and send a copy of the lease to ONRR (FM). **BSEE:** Will be provided a copy of the lease prior to issuance. **ONRR:** FM will notify BOEM by email of receipt of balance of the bonus bid prior to lease adjudication. Will perform a weekly data download

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	BOEM	BSEE	ONRR	
				and receive the new lease in the download. The new lease will be entered into the MRMFS and GL will process monies associated with the lease.
E. Issue Grants (ROW/RUE)	SOLE	RVW	ISO	**BOEM:** Will approve and send a courtesy copy of the ROW/RUE terms to ONRR (FM) and designate rental fee owed to ONRR. Will enter ROW/RUE into TIMS and furnish ONRR (FM) with a copy of the grant. **BSEE:** Will be provided a copy of the ROW/RUE grant prior to issuance and will have an opportunity to comment and/or provide advice on grant stipulations relating to the operational safety of the activities to be conducted on the Grant. **ONRR:** FM will perform a weekly data download from TIMS and enter the new grant into the MRMFS and process rentals associated with the ROW/RUE.
F. Approve Project Easements	SOLE	RVW	ISO	**BOEM:** Will approve project easements, normally through approval of the COP or GAP describing the project easement. BOEM will enter easement into TIMS and send a copy of the approval and COP or GAP to ONRR with a confirmation of any rental due (if applicable). **BSEE:** Will be provided a copy of the project easement prior to approval and will have an opportunity to comment and/or provide advice on project easement factors relating to the operational safety of the activities to be conducted within the easements. **ONRR:** FM will perform a weekly data download from TIMS and enter the new easement into the MRMFS and process rentals associated with the easement.
G. Approve Assignments	SOLE		ISO	**BOEM:** Will update TIMS and furnish ONRR (FM) with an Approved Assignments Report.

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				ONRR: Will update the MRMFS with new lease owner so Courtesy Notices and billings will go out to the correct lessee.
H. Approve Designations of Operators	SOLE		ISO	**BOEM:** Will process and approve designations of operators. Will update TIMS and furnish ONRR (FM) with an Approved Assignments Report. **ONRR:** Will update the MRMFS as needed with new lease operator.
I. Approve or Deny SAP/COP/GAP	SOLE	RVW	ISO	**BOEM:** Will review and approve or deny the SAP/COP/GAP. **BSEE:** Will be provided a copy of the SAP/COP/GAP prior to approval, and will have the opportunity to provide advice on all aspects that fall within BSEE's areas of expertise including, but not limited to: nomination and use of CVAs; geotechnical surveys for offshore structures; design, fabrication, installation, and decommissioning of offshore structures; and safety management and operational safety for offshore structures. **ONRR:** Depending on the approval/denial of the SAP/COP/GAP, ONRR will receive notification of the lease extension or status change via TIMS once BOEM enters the information into TIMS and make any updates to the lease status as necessary.
J. Extend Lease/Grant	SOLE		ISO	**BOEM:** Will enter into TIMS the new expiration date, lease status, and operating fee, and send a copy of documentation to ONRR (FM). **ONRR:** FM will perform a weekly data download and update the MRMFS. Will extend the lease and update the financial provision owed on the lease/grant in the MRMFS.
K. Operating Fee:				
1. Determination of Operating Fee	SOLE		ISO	**BOEM:** Will calculate initial operating fee using

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				the formula established in 30 CFR 585.506 – to include Price of Power, Capacity Factor, Hours per Year, Nameplate Capacity, and Operating Fee Rate. Will timely update TIMS. **ONRR:** FM will perform a weekly data download and update the MRMFS with the operating fee and adjust the financial obligations of the lease.
2. Annual Re-Calculation	SOLE		ISO	**BOEM:** Will update annual operating fees; recalculation based on updated inputs to formula established in 30 CFR 585.506. Will update TIMS with new operating fee. **ONRR:** FM will perform a weekly data download and update the MRMFS with the new operating fee as recalculated by BOEM. Will confirm the new operating fee is billed if operating fee was already paid at previous year's rate.
L. Mapping and Boundary Changes:				
1. 8(p) Recalculation	SOLE		ISO	**BOEM:** Will evaluate the current SLA and 8(p) boundaries and perform any necessary revisions. The geographic center calculations will be reported to ONRR (FM) and entered into TIMS. **ONRR:** FM will perform a weekly data download and update the MRMFS with the revised calculations, updating financial obligations if applicable.
2. Notification of Shareable Calculations/Updates for Leases/Grants	SOLE		ISO	**BOEM:** Will perform the calculations / recalculations determining the geographic center of the project, and any changes/updates to shared revenue. BOEM will update TIMS with the new shareable calculations. **ONRR:** FM will perform a weekly data download and update the MRMFS with the revised shareable percentages which directly impact fund distribution.

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III. BONDING (LEASE/AREA)				
A. Approve Termination of the Period of Liability under a Bond *This does not apply to bonds where the period of liability is terminated and immediately replaced with another bond.*	FINAL		X	**BOEM:** Will contact ONRR (FM) prior to terminating periods of bond liability (if applicable). **ONRR:** FM will confirm via email that all lease liabilities are paid and the bond can be released.
B. Bankruptcy	JOINT		JOINT	Either BOEM or ONRR may receive Notices of Bankruptcy. The bureau receiving a Notice of Bankruptcy will inform the other bureau. Each bureau will assign internal liaisons to work with the DOI Solicitor and DOJ throughout the proceedings. Each bureau will prepare proofs of claim in consultation with the DOJ Solicitor.
C. Issue a Demand for Performance by Bonding Company (lease/grant operations)	JOINT		JOINT	**BOEM:** Will contact the surety to demand performance or payment of delinquent billed amounts. Once funds are collected, they will be forwarded to ONRR for processing. **ONRR:** Will process funds upon receipt.
IV. LEASE TERM				
A. Relinquishments, Expirations, Renewals and Terminations	SOLE		ISO	**BOEM:** Will timely update TIMS with updated status or expiration date. Will approve applications for relinquishments, approve request for renewals and carry out terminations and expirations per the regulations. **ONRR:** FM will perform a weekly data download and update the MRMFS. These updates determine what fees or rentals are collected by ONRR.
B. Cancellations (Including Cancellation Action for Non-Compliance with Operating Fee or Rental Requirements)	FINAL		X	**BOEM:** Will make the determination on lease cancellation. Will initiate lease cancellation proceedings and notify ONRR. Will determine appropriate compensation if any.

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	BOEM	BSEE	ONRR	
				ONRR: Will determine if there are outstanding obligations that might affect the lease prior to closing out financial responsibility and assist in compensation determination, if any. Through monitoring, when ONRR has unsuccessful debt collection, will advise BOEM so BOEM may take action against any guarantors or when cancellation proceedings may be needed to obtain compliance with rent or operating fee payments.
C. Post Lease Obligations *Although a lease may be cancelled, terminated or relinquished, the lessee may still have outstanding payments, decommissioning, bonding and other obligations that do not terminate with the relinquishment and must be monitored by the bureaus post-relinquishment.*	FINAL	RVW	X	**BOEM:** Will monitor for compliance with post lease requirements. **BSEE:** Will be provided the opportunity to provide advice on all aspects that fall within BSEE's areas of expertise **ONRR:** Will monitor for resolution of all payment obligations. Will keep BOEM and BSEE informed of unresolved issues.
V. OPERATIONS ACTIONS				
A. Approve/Disapprove Applications for Suspension or Waiver of Required Payments	FINAL		X	**BOEM:** Will approve/disapprove reduction or waiver requested per the regulations. Copies of disapproval/approval letters will be sent to ONRR (FM). **ONRR:** Will process fees and adjustments on an ongoing basis and will update the MRMFS as necessary.
VI. VIOLATIONS (INCS, Citations, Civil Penalties, and other Sanctions)				
BOEM and BSEE responsibilities and coordination with respect to these topics will be addressed through a separate compliance and enforcement Memorandum of Agreement (MOA) and SOP.	JOINT	ISO	JOINT	**BOEM:** Will provide ONRR (FM) copies of the proposed and final penalty notices which will include detailed ONRR payment instructions. BOEM has compliance and enforcement authority under existing regulation. BOEM will share

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Final – Responsible for final decision; other bureaus participate and provide input
Joint – Participates in function and shares in final decision
X – Participates in the function/review process
RVW – Participates in the function/review process, but input/signature is not required for process to proceed or final decisions to be made
ISO – Involvement based on Information Sharing Only (receiving or providing)

Attachment B
Information Sharing and Bureau Responsibilities
Offshore Renewable Energy Resources

FUNCTION	RESPONSIBILITY			REMARKS
	BOEM	BSEE	ONRR	
BSEE does not currently have an active inspection and enforcement role for offshore renewable energy. Inspection and Enforcement responsibilities will be transferred to BSEE at such time that the Assistant Secretary - Land and Minerals Management determines that an increase in activity justifies transferring the inspection and enforcement functions. This section of the MOU will be modified when the functions are transferred to BSEE.				renewable energy violations assessments with BSEE within 90 days. Upon request, BOEM will send a report once a year of Incident of Noncompliance citations to ONRR (ACM) and BSEE. BOEM will share renewable energy INCs with BSEE. **ONRR:** Based on the MOA between BOEM and BSEE, the responsible party will provide ONRR copies of final penalty notices which include detailed ONRR payment instructions. Upon notification from BOEM, ONRR will track and collect penalties. When payment is received, ONRR will notify the Reviewing Officer (BOEM) with an image of the payment screen for each properly submitted payment within 10 days of payment. ONRR will pursue Debt Collection follow-up if payment is not received timely per the Reviewing Officers Final Notice (Decision). For cases referred by BOEM to OE, OE will provide copies of enforcement actions to BOEM. ONRR will share renewable energy violations assessments with BSEE. **BSEE:** Will receive violation and sanction information.
VII. REGULATIONS & REGULATORY GUIDANCE DOCUMENTS				
Regulations (Proposed Rules, Final Rules, and their Variations) and Other Regulatory Guidance Documents *The forum and process for coordinating renewable energy regulations and guidance documents are identical to the conventional energy program. There are no current Renewable Energy regulations for BSEE at this time;*				The three bureaus will meet quarterly prior to submission of the Office of Management and Budget 90-day List to ensure that each bureau is aware of the current and proposed regulatory priorities of the other agencies. Coordination will occur through the appropriate bureau regulations units: the Office of Policy, Regulations, and Analysis (OPRA) for BOEM, the Regulations and Standards Branch (RSB) for BSEE and Program Planning & Support

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FUNCTION	RESPONSIBILITY			REMARKS
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however they will be in attendance at the quarterly meeting and will have an opportunity to participate as appropriate.				(PPS) for ONRR. Each bureau's Federal Register Liaison (FRLO) or position otherwise designated by the bureau will be the point of contact (POC) for the coordination of meetings and any follow-on discussions between bureaus. The issuance of any joint regulations or other guidance documents will be coordinated between the relevant bureaus through the appropriate regulations units within each bureau by the FRLO (or position otherwise designated by the bureau). Any associated administrative abstracts or schedules provided internally or externally to the Department will be coordinated for consistency by the FRLO in advance of the deadlines. Any meetings associated with joint regulations or guidance documents will be represented by each of the affected bureaus as they see fit.

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Walter D. Cruickshank

3-10-2014

Walter Cruickshank
Deputy Director, Bureau of Ocean Energy Management

Date

Margaret Schneider

3/6/14

Margaret Schneider
Deputy Director, Bureau of Safety and Environmental Enforcement

Date

Deborah Gibbs Tschudy

3/17/14

Deborah Gibbs Tschudy
Deputy Director, Office of Natural Resources Revenue

Date

This Division of Responsibility Attachment B will become effective 30 days from the latest date of the Participants' signatures and shall be reviewed annually by the Steering Committee for the first two years and biennially thereafter.