

-PROFESSOR'S NAME:

Bill Moore

CONTACT INFO STUDENT CAN HAVE TO GET IN CONTACT WITH PROF:

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-GRADING POLICY:

My Final Grade will be based 80% on the FINAL EXAM and 20% on CLASS PARTICIPATION

-OFFICE HOURS:

None; you can meet with me after class

-REQUIRED COURSE MATERIAL:

Posted on Blackboard; there is not a text book

COURSE OUTLINE FOLLOWS:

- I. Week 1: Introduction to the course; reading assignment: nothing
 - A. Who is Professor Moore?
 - B. Who are you? What do you want out of this course?
 - C. What does Professor Moore want you to get out of his course?
 - D. Why care about hydrocarbons?
 - E. What's at stake?
 - F. Why is there such passion around this topic?
 - G. Key stakeholders in the Gulf of Mexico ("GoM")
 - 1. Hydrocarbon Industry
 - 2. Shipping Industry
 - 3. US Military
 - 4. Environmental groups
 - 5. Recreational users
 - 6. Those whose livelihood is dependent on the GoM (tourist industry, commercial fishing, etc.)
 - 7. Alternative Energy Firms
 - 8. Research Institutes, and
 - 9. Historical preservation societies
- II. Week 2: OCS Lands Act; reading assignment: Read only the sections of the Act which are in my outline
 - A. OCS Lands Act (1953) and the Department of the Interior ("DOI")
 - 1. This act is the foundation for the course. If you don't understand the pertinent portions of this act, you will never catch up.
 - 2. This is like a math course; you have to know the fundamentals; each week is a building block, and you can ill afford to miss a

building block because in all likelihood you won't understand the next one

3. This act was just as important to the US as the Louisiana Purchase
4. How does one demarcate such a large land mass?
5. What is so different about deepwater GoM and the rest of the US and other parts of the world?
 - a) Size of tracts
 - b) Size of reservoirs
 - c) Size of investment
 - d) Cycle Time
 - e) Ease of entry and Competition
 - f) Fiscal Regime
 - g) Stability (?)

B. Powers of, and Limitations on, the Executive Branch

C. Other agencies

III. Week 3: Federal Regulations and Notices to Lessees; reading assignment: Read only the sections of 30 CFR, which are in my outline, and glance at the NTL's don't read or study them

- A. The OCS Lands Act embodies a framework; the federal regulations set forth the rules of the game
- B. The Regs cannot conflict with or overturn the act
- C. 30 Code of Federal Regulations ("CFR")
- D. Notices to Lessees ("NTLs")

- IV. Week 4: Leasing; reading assignment: Read the references below, the current 5-year plan and glance at the Joint Bidding Agreement; don't read it line by line
- A. How do you create certainty and give enough time to industry to prepare for a lease sale? DOI's 5-year Plan
 - B. What does it take to prepare for an OCS Lease Sales?
 - 1. Seismic
 - 2. Prospect generation
 - 3. Economic evaluation
 - 4. Internal funding
 - C. OCS Lease Sales
 - 1. Who can bid? 30 CFR 556.35
 - 2. Bonding; NTLs 2000-G16 and 2008-N09 and 30 CFR 556.52-53
 - 3. BOEM Sale Package (Look at the Sale package for the last Central Lease Sale on the BOEM Web site)

D. Joint Bidding Agreements

1. Anti-Trust issues
 - a) Restricted Bidders list
 - b) Collusion and Bid meetings
2. Confidentiality
3. Process

E. Mechanics of submitting a bid

V. Week 5: The Lease; reading assignment: Read the contents of the Week 5 folder

A. What is a lease?

1. How does it vary from an onshore lease or a concession license?
2. What are the problems with governing operations and production under a lease?
3. Terms
4. Stipulations
5. Royalty Relief
6. New Lease Form
7. Is the term too long? Are inventories too large?

B. Assignments of Leases

1. Government Form and Approval
2. Accompanying documents
 - a) Designation of Operator ("DOO") forms; BOEM-1123 and NTL 2008-G19
 - b) Oil Spill Financial Responsibility for Offshore Facilities ("OSFR"); 30 CFR 253, subpart D; and BOEM-1017

3. Overriding Royalty Interests (“ORRIs”)

- VI. Week 6: Maintenance of the Lease beyond its Primary Term via Operations or a Suspension of Operations (“SOO”); 30 CFR 250.175, NTL 2007-G22, and NTL 2000-G17; Reading Assignment: Read in this order: Original SOO application, Candy Bars Activity Schedule, the SOO Detailed activities, MMS Denial Letter and the IBLA proposed settlement
 - A. Circumstances beyond one’s control
 - B. Additional Seismic: Presence of a salt sheet or drilling below 25,000 feet true vertical depth (“TVD”); NTL 2007-G22
 - C. *Candy Bars* decision
- VII. Week 7: Maintenance of the Lease beyond its Primary Term via Production or a Suspension of Production (“SOP”); 30 CFR 250.174, NTL 2000-G17 and NTL 2011-N10; reading assignment: Focus on the OHA Directors decision; all the other materials lead up to it; I have included them so that you can make sense of that decision
 - A. Firm commitment to produce
 - B. *Julia* decision; now NTL 2011-N10
- VIII. Week 8: Units; reading assignment: Focus on the GOM Unitization Presentation_8-26-09, Unitization in General_v4, BSEE questions and 30 CFR 250.1300-1304
 - A. Purpose
 - B. Voluntary or involuntary or Compulsory
 - C. Size
 - D. Approval Process
 - E. Participating Areas and Contraction
 - F. Problems with the procedure
- IX. Week 9 Agreements: The Joint Operating Agreement (“JOA”) and its Exhibits; reading assignment: Focus on the body; glance at the exhibits

- A. Control and Pace
- B. Contract Area and Uniform Interests
- C. Drilling a Well
 - 1. Prospect Maturation
 - 2. Rig Contract
 - 3. Internal approval
 - 4. Co-owner approval and the original Authority for Expenditure (“AFE”)
 - 5. Cost overrun AFEs
 - 6. Supplemental AFEs
 - 7. Exploration Plan (“EP”) and NTL 2010-N06, Application for Permit to Drill (“APD”), and Containment NTL 2010-N10
- D. Project Team
- E. Stages for Development
- F. Accounting Procedure
- X. Week 10; Farm-Out or Participation Agreement; reading assignment: Focus on Section 2 of the Kakuna PA and the body of the PA Execution Counterpart and its Exhibit G
 - A. One-off
 - B. Multi-prospect
 - C. Portfolio Management
 - 1. Maturation
 - 2. Expiries
 - D. Risk
 - E. Sunk Cost versus Promote

- F. Business Model
- XI. Week 11; Other Agreements; Reading assignment: None, except glance at contents of Week 11 folder
 - A. Seismic Option Agreement
 - B. Options to Participate
 - C. Like-kind Exchange ("LKE")
 - 1. Cross-Assignments: Bioko, Logan, Sandy Hook
 - 2. Swaps: Innsbruck and Kilchurn; Deep Blue and Palomino
 - 3. US Tax Code Section 1031: Non-simultaneous LKE
 - D. Production Test Agreements
 - E. Purchase and Sale Agreements
 - F. Well Data Trades
- XII. Week 12: Development; reading assignment: None; glance at Week 12 folder
 - A. Stand-alone
 - B. Tie-backs and Production Handling Agreements
 - C. Co-Development versus Phased Development
 - 1. Jack-St. Malo-Julia
 - 2. Knotty Head
 - D. Third Party Ownership of the Development System
 - E. Sanctioning a Development Project
- XIII. Week 13: Rig issues; Deepwater Horizon and the Moratorium; reading assignment: Focus on the pdf's relating to the Moratorium lease extension requests (Mutual Assistance Agreement is not part of the group)
 - A. Liability of co-owners
 - B. Effect on DOI

1. Bureau of Ocean Energy Management (“BOEM”)
2. Bureau of Safety and Environmental Enforcement (“BSEE”)

C. Effect on other Lessees

1. Scope of moratorium: Area-wide or lease specific?
2. One-year extension under NTL 2011-N05

XIV. Week 14: Review; reading assignment: none

- A. Go over review questions
- B. Go over practice test