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§ 250.119 Will MMS approve subsurface gas storage?

The Regional Supervisor may authorize subsurface storage of gas on the OCS, on and off-lease, for later commercial benefit. To receive MMS approval you must:

(a) Show that the subsurface storage of gas will not result in undue interference with operations under existing leases; and

(b) Sign a storage agreement that includes the required payment of a storage fee or rental.

§ 250.120 How does injecting, storing, or treating gas affect my royalty payments?

(a) If you produce gas from an OCS lease and inject it into a reservoir on the lease or unit for the purposes cited in §250.118(b), you are not required to pay royalties until you remove or sell the gas from the reservoir.

(b) If you produce gas from an OCS lease and store it according to §250.119, you must pay royalty before injecting it into the storage reservoir.

(c) If you produce gas from an OCS lease and treat it at an off-lease or off-unit location, you must pay royalties when the gas is first produced.

§ 250.121 What happens when the reservoir contains both original gas in place and injected gas?

If the reservoir contains both original gas in place and injected gas, when you produce gas from the reservoir you must use an MMS-approved formula to determine the amounts of injected or stored gas and gas original to the reservoir.

§ 250.122 What effect does subsurface storage have on the lease term?

If you use a lease area for subsurface storage of gas, it does not affect the continuance or expiration of the lease.

§ 250.123 Will MMS allow gas storage on unleased lands?

You may not store gas on unleased lands unless the Regional Supervisor approves a right-of-use and easement for that purpose, under §§250.160 through 250.166 of this subpart.

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§ 250.124 Will MMS approve gas injection into the cap rock containing a sulphur deposit?

To receive the Regional Supervisor's approval to inject gas into the cap rock of a salt dome containing a sulphur deposit, you must show that the injection:

(a) Is necessary to recover oil and gas contained in the cap rock; and

(b) Will not significantly increase potential hazards to present or future sulphur mining operations.

INSPECTION OF OPERATIONS

§ 250.130 Why does MMS conduct inspections?

MMS will inspect OCS facilities and any vessels engaged in drilling or other downhole operations. These include facilities under jurisdiction of other Federal agencies that we inspect by agreement. We conduct these inspections:

(a) To verify that you are conducting operations according to the Act, the regulations, the lease, right-of-way, the approved Exploration Plan or Development and Production Plans; or right-of-use and easement, and other applicable laws and regulations; and

(b) To determine whether equipment designed to prevent or ameliorate blowouts, fires, spillages, or other major accidents has been installed and is operating properly according to the requirements of this part.

§ 250.131 Will MMS notify me before conducting an inspection?

MMS conducts both scheduled and unscheduled inspections.

§ 250.132 What must I do when MMS conducts an inspection?

(a) When MMS conducts an inspection, you must provide:

(1) Access to all platforms, artificial islands, and other installations on your leases or associated with your lease, right-of-use and easement, or right-of-way; and

(2) Helicopter landing sites and refueling facilities for any helicopters we use to regulate offshore operations.

(b) You must make the following available for us to inspect:

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(1) The area covered under a lease, right-of-use and easement, right-of-way, or permit;

(2) All improvements, structures, and fixtures on these areas; and

(3) All records of design, construction, operation, maintenance, repairs, or investigations on or related to the area.

§ 250.133 Will MMS reimburse me for my expenses related to inspections?

Upon request, MMS will reimburse you for food, quarters, and transportation that you provide for MMS representatives while they inspect lease facilities and operations. You must send us your reimbursement request within 90 days of the inspection.

DISQUALIFICATION

§ 250.135 What will MMS do if my operating performance is unacceptable?

If your operating performance is unacceptable, MMS may disapprove or revoke your designation as operator on a single facility or multiple facilities. We

will give you adequate notice and opportunity for a review by MMS officials before imposing a disqualification.

§ 250.136 How will MMS determine if my operating performance is unacceptable?

In determining if your operating performance is unacceptable, MMS will consider, individually or collectively:

- (a) Accidents and their nature;
- (b) Pollution events, environmental damages and their nature;
- (c) Incidents of noncompliance;
- (d) Civil penalties;
- (e) Failure to adhere to OCS lease obligations; or
- (f) Any other relevant factors.

SPECIAL TYPES OF APPROVALS

§ 250.140 When will I receive an oral approval?

When you apply for MMS approval of any activity, we normally give you a written decision. The following table shows circumstances under which we may give an oral approval.

When you	We may	And
(a) Request approval orally.	Give you an oral approval.	You must then confirm the oral request by sending us a written request within 72 hours.
(b) Request approval in writing.	Give you an oral approval if quick action is needed.	We will send you a written approval afterward. It will include any conditions that we place on the oral approval.
(c) Request approval orally for gas flaring.	Give you an oral approval.	You don't have to follow up with a written request unless the Regional Supervisor requires it. When you stop the approved flaring, you must promptly send a letter summarizing the location, dates and hours, and volumes of liquid hydrocarbons produced and gas flared by the approved flaring. (See 30 CFR 250, subpart K.)

§ 250.141 May I ever use alternate procedures or equipment?

You may use alternate procedures or equipment after receiving approval as described in this section.

(a) Any alternate procedures or equipment that you propose to use must provide a level of safety and environmental protection that equals or surpasses current MMS requirements.

(b) You must receive the District or Regional Supervisor's written approval before you can use alternate procedures or equipment.

(c) To receive approval, you must either submit information or give an oral presentation to the appropriate Supervisor. Your presentation must describe

the site-specific application(s), performance characteristics, and safety features of the proposed procedure or equipment.

§ 250.142 How do I receive approval for departures?

We may approve departures to the operating requirements. You may apply for a departure by writing to the District or Regional Supervisor.

[65 FR 6536, Feb. 10, 2000]

§ 250.143 How do I designate an operator?

(a) You must provide the Regional Supervisor an executed Designation of Operator form unless you are the only