

ATTACHMENT 1

Partial Stay Agreement for Certain Maintenance and Monitoring Activities to Preserve Lease Assets for Decommissioning (Partial Stay Agreement)

July 5, 2023

Santa Barbara County Air Pollution Control
District Hearing Board

260 San Antonio Road, Suite A
Santa Barbara, California 93110

**PARTIAL STAY AGREEMENT FOR CERTAIN MAINTENANCE AND
MONITORING ACTIVITIES TO PRESERVE LEASE ASSETS FOR
DECOMMISSIONING**

This Partial Stay Agreement for certain maintenance and monitoring activities, as defined herein, to preserve lease assets for decommissioning on Lease P-0166, which is located on the Outer Continental Shelf offshore of California, (“*Agreement*”), dated January 12, 2021, 2020 (the “*Effective Date*”), is entered into by and among ConocoPhillips Company (“*ConocoPhillips*”), OXY U.S.A. Inc. (“*OXY*”), and Devon Energy Corporation (“*Devon*”), on the one hand (collectively, the “*Order Recipients*”) and, the Bureau of Safety and Environmental Enforcement (“*BSEE*”) and the Bureau of Ocean Energy Management (“*BOEM*”) (together the “*Parties*”), on the other hand.

RECITALS

WHEREAS, on November 6, 2020, BSEE issued an Order to the Order Recipients to commence decommissioning of Lease Assets (defined below) of Lease P-0166 pursuant to 30 C.F.R. Part 250, subpart Q (“*the Order*”);

WHEREAS, the Order Recipients have informed BSEE that they will appeal the Order to the Interior Board of Land Appeals (“*IBLA*”);

WHEREAS, Lease P-0166 assets consist of two offshore platforms, the denominated “Hogan” platform, and the denominated “Houchin” platform (together the “*Platforms*”), along with associated facilities, wells and pipelines located on the Lease lands (“*Lease Assets*”);

WHEREAS, the Parties desire pending the appeal of the Order that certain maintenance and monitoring activities defined herein be undertaken as are reasonably necessary to maintain safety and environmental protection and to preserve the Lease Assets for decommissioning;

WHEREAS, the Parties intend that Beacon-West Energy Group, LLC (“*BWEG*”) initially be engaged as “maintenance and monitoring personnel,” as defined herein, for purposes of this Agreement;

WHEREAS, ConocoPhillips’ predecessor, Phillips Petroleum Company (“*Phillips*”), sold the entirety of its partial record title interest in Lease P-0166 to Signal Hill Services, Inc. (“*Signal Hill*”) in 1991, after the Hogan and Houchin Platforms had been constructed and certain wells on Lease P-0166 had been drilled. Other partial owners of Lease P-0166 at that time (OXY U.S.A. Inc., Santa Fe Energy Company, and Maersk Energy Incorporated) also assigned their partial record title interests to Signal Hill in 1991, and thereafter Signal Hill became the owner of 100% of the record title interest.

WHEREAS, Signal Hill had designated Pacific Operators Offshore, LLC (“*POOLLC*”) as the operator of Lease P-0166 pursuant to BOEM regulations. After the 1991 assignments, Signal Hill sidetracked existing wells and drilled additional wells on Lease P-0166;

WHEREAS, on October 14, 2020, Signal Hill sent a Relinquishment of Federal Oil and Gas Lease to BOEM;

WHEREAS, the Order Recipients will submit to the IBLA a Consent Motion (or Motions) for Entry of Partial Stay of Order Pending Appeal substantially in the form attached hereto as Exhibit A;

WHEREAS, the Parties intend that this Agreement be entered without any prejudice to the

Order Recipients' rights, including without limitation to the Order Recipients' rights on appeal disputing any liability under the Order, rights to immediately, during the appeal, and after the appeal seek contribution, defense, indemnity and other relief from each other or third parties, and rights later to seek reimbursement of funds expended as a result of this Agreement if its appeal is successful;

NOW, THEREFORE, in consideration for the premises and the representations, warranties and covenants contained herein, and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

AGREED TERMS

1. ConocoPhillips, on behalf of the Order Recipients, will initially engage BWEG as maintenance and monitoring personnel ("M&M Personnel") to perform work under this Agreement. The Parties agree that such M&M Personnel is not an "operator" of the Lease as that term is used or interpreted in BSEE and BOEM regulations, policies, or guidance documents. ConocoPhillips, on behalf of the Order Recipients, may at its discretion (after submitting notice to BSEE) substitute or appoint different M&M Personnel in place of BWEG.

2. Any maintenance and monitoring of Lease Assets required under this Agreement will be limited to work reasonably necessary to maintain safety and environmental protection and to preserve the assets for decommissioning as further set forth below.

3. In order to help fund the work required under this Agreement, BOEM agrees to transfer to ConocoPhillips all remaining financial security that was obtained from Signal Hill or POOLLC to secure their Lease P-0166 obligations, including maintenance and monitoring obligations. After such funding securing Signal Hill's and POOLLC's Lease obligations is exhausted, the Order Recipients or other interested parties on their behalf will contribute to the funding of M&M Personnel's work under this Agreement. The Order Recipients or other interested parties will fund this work based on such terms as the Order Recipients and other interested parties may agree.

4. The Parties agree that neither the Order Recipients nor the M&M Personnel are responsible for any Incidents of Noncompliance (INCs) of Signal Hill or POOLLC. Nor are the Order Recipients or M&M Personnel responsible for any other operational failures of Signal Hill or POOLLC, such as failure to provide quarterly or annual reports, inadequate manpower, or any other unresolved operational failures outside the scope of this Agreement.

5. In addition to work required under paragraph 2 above, the Order Recipients agree that ConocoPhillips on their behalf will contract with the M&M Personnel to (i) conduct periodic inspections and to complete certification of safety critical systems (cathodic protection, pressure safety devices, life-safety, and fire protection systems); (ii) file required periodic, quarterly, and annual reports; (iii) bring all Safety and Environmental Management Systems into compliance to the extent consistent with paragraph 2 above; (iv) bring the Casing Pressure Management Program back into compliance; and (v) reinstate an oil spill and emergency response contract with an oil spill response organization such as Marine Spill Response Corporation as required by an Oil Spill Response Plan needed for work within the scope of this Agreement.

6. The Parties agree that maintenance and monitoring activities under this Agreement will not exceed the following:

- a. M&M Personnel will utilize an alternating schedule to monitor platforms with a two-person crew visiting each platform, on an every-other-day basis, for a single shift each day, to perform maintenance and safety inspections;
- b. M&M Personnel will install a security and video monitoring system on both platforms. This system will use monitoring control room operation boards and panels to remotely observe alarms and warning devices; and
- c. M&M Personnel will conduct security system and remote monitoring at an onshore plant located at La Conchita and/or remotely at other locations designated by the contractor. Weekend and after-hour monitoring will be conducted remotely.

7. BSEE agrees that all actions required by the Order that are not required by this Agreement will be stayed for the duration of this Agreement as defined under paragraph 13 below.

8. The Order Recipients and the M&M Personnel are not now and shall not become a lessee, sublessee, record title owner, interest owner, agent, operator, or designated operator of Lease P-0166, as those terms are used in the Outer Continental Shelf Lands Act (“*OCSLA*”) and its implementing regulations as a result of the activities contemplated in this Agreement.

9. BSEE and BOEM acknowledge and agree that nothing in this Agreement nor actions taken pursuant to this Agreement shall subject the Order Recipients or M&M Personnel to damages, costs, losses, expenses, civil penalties or other BSEE or BOEM related liabilities directly or indirectly arising out of this Agreement or the performance of this Agreement, except in cases of gross negligence or willful misconduct.

10. The Parties agree that the Order Recipients will not be required to provide any type of decommissioning bond during the period where its appeal has not become final.

11. Nothing in this Agreement shall be construed to otherwise limit, expand, or modify the discretion accorded BSEE and BOEM by OCSLA and Section 311 of the Clean Water Act and their implementing regulations or by general principles of administrative law, except to the extent expressly provided herein.

12. Nothing in this Agreement is intended to suggest that the Order Recipients or M&M Personnel will undertake any lease obligations not specified herein. The fact of this Agreement and actions undertaken by Order Recipients or their agents in accordance with this Agreement do not constitute, and cannot be construed as, admission by the Order Recipients of any decommissioning obligations or liability of any kind with respect to Lease P-0166. Nothing in the terms of this Agreement, nor actions taken under this Agreement, will be construed to prevent or in any way limit any claim or defense relating to whether the Order Recipients have decommissioning obligations or liability of any kind with respect to Lease P-0166. Neither the Order Recipients nor BSEE or BOEM by virtue of this Agreement or actions taken hereunder will be deemed to have approved, accepted, or consented to any concept, method, theory, principle, or statutory, regulatory, or contractual interpretation pertaining to Lease P-0166 or decommissioning obligations. The Parties agree that they will not use either the fact of this Agreement or the actions or obligations undertaken pursuant to this Agreement to support any contention that the Order Recipients or their agents have or do not have decommissioning obligations.

13. This Agreement shall be effective among the Parties upon its execution by such Parties and shall continue until the Order Recipients’ appeal(s) to the IBLA is or are fully and finally resolved. If one party’s appeal were successful and appeals of other parties continue, the Agreement will terminate

as to the successful party. However, BOEM or BSEE may terminate this agreement, and the Order Recipients collectively may withdraw from this Agreement, upon 120 days written notice. In the event that this Agreement ends as to one or more Parties, notice of termination is provided, or the Order Recipients collectively withdraw, nothing in this Agreement shall prevent any of the Order Recipients from seeking a stay of any type from the IBLA or any other authority, and neither the fact nor the terms of this Agreement shall be used to oppose any such request for a stay.

14. This Agreement contains the entire understanding of the Parties, and it supersedes any and all prior negotiations, correspondence, agreements, undertakings, and communications among the Parties or between any of the Parties, oral and/or written.

15. This Agreement may be executed and delivered in multiple counterparts, each of which shall be regarded as an original and all of which together shall constitute one and the same instrument. A facsimile or .pdf signature shall have the same effect as an original signature.

16. This Agreement shall inure to the benefit of, and shall be binding upon, the Parties hereto and their respective successors and assigns. No person or entity who is not a Party to this Agreement shall have or enjoy any rights hereunder.

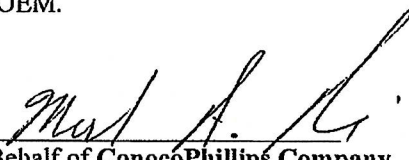
17. This Agreement may only be supplemented, modified, or amended by written agreement, executed by an authorized representative of each Party.

18. Nothing in this Agreement affects the rights of or obligates the United States with respect to any person or agency not a party hereto, or any issue or action not expressly addressed herein. Nor shall anything in this Agreement be construed to commit any Federal official to expend funds in contravention of the Anti-Deficiency Act, 31 U.S.C. § 1341, or other applicable law.

19. The Parties agree that each Party has participated in the drafting and negotiation of this Agreement, and no provision of this Agreement shall be construed for or against any one Party as a result of preparation, drafting, or other event of negotiation hereof.

20. This Agreement is governed by federal law in accordance with 43 U.S.C. § 1333(a)(2).

IN WITNESS WHEREOF, this Agreement is executed as of the Effective Date by the duly authorized representatives of the Order Recipients, BSEE, and BOEM.

By/ 
On Behalf of ConocoPhillips Company

Date: 12/30/2020

By/ _____
On Behalf of Devon Energy Corporation

Date:

as to the successful party. However, BOEM or BSEE may terminate this agreement, and the Order Recipients collectively may withdraw from this Agreement, upon 120 days written notice. In the event that this Agreement ends as to one or more Parties, notice of termination is provided, or the Order Recipients collectively withdraw, nothing in this Agreement shall prevent any of the Order Recipients from seeking a stay of any type from the IBLA or any other authority, and neither the fact nor the terms of this Agreement shall be used to oppose any such request for a stay.

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20. This Agreement is governed by federal law in accordance with 43 U.S.C. § 1333(a)(2).


IN WITNESS WHEREOF, this Agreement is executed as of the Effective Date by the duly authorized representatives of the Order Recipients, BSEE, and BOEM.

By/ _____
On Behalf of **ConocoPhillips Company**

Date:

By/ 
On Behalf of **Devon Energy Corporation** MBM

Date: 12/29/2020

By/ 
On Behalf of **OXY U.S.A. Inc.**

Date: 29 December 2020

By/ _____
On Behalf of **Bureau of Safety and Environmental
Enforcement**

Date:

By/ _____
On Behalf of **Bureau of Ocean Energy Management**

Date:

By/ _____
On Behalf of **OXY U.S.A. Inc.**

Date:

By/ Digitally signed by BRUCE
HESSON
Date: 2021.01.11 12:29:12
+08'00' **BRUCE HESSON** _____
On Behalf of **Bureau of Safety and Environmental
Enforcement**

Date:

By/ _____
On Behalf of **Bureau of Ocean Energy Management**

Date:

By/ _____
On Behalf of **OXY U.S.A. Inc.**

Date:

By/ _____
On Behalf of **Bureau of Safety and Environmental
Enforcement**

Date:

By/ **THOMAS
LIU** _____
On Behalf of **Bureau of Ocean Energy Management**

Digitally signed by
THOMAS LIU
Date: 2021.01.12
10:04:50 -08'00'

Date: 01/12/2021

**UNITED STATES DEPARTMENT OF THE INTERIOR
INTERIOR BOARD OF LAND APPEALS**

In Re ConocoPhillips Company, IBLA 2021-137

In Re OXY U.S.A. Inc., IBLA 2021-138

In Re Devon Energy Corporation, IBLA 2021-132

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) Orders re Decommissioning of Lease OCS-P 0166
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AGREED JOINT MOTION FOR ENTRY OF PARTIAL STAY

ConocoPhillips Company (“ConocoPhillips”), OXY U.S.A. Inc. (“OXY”), and Devon Energy Corporation (“Devon”) (collectively, the “Order Recipients”), have filed Notices of Appeal concerning Bureau of Safety and Environmental Enforcement (“BSEE”) Orders they received regarding “Decommissioning of Oil & Gas Lease OCS-P 0166” (“Orders” attached hereto as Exhibit A). The Order Recipients and BSEE hereby file this Agreed Joint Motion for Entry of Partial Stay of Orders pursuant to a Partial Stay Agreement for Certain Maintenance and Monitoring Activities to Preserve Lease Assets for Decommissioning they have entered (“Partial Stay Agreement” attached hereto as Exhibit B).

1.

On October 14, 2020, the owner of Lease OCS-P 0166, Signal Hill Services, Inc. (“Signal Hill”) sent a Relinquishment of Federal Oil and Gas Lease to the Bureau of Ocean Energy Management. According to the Orders, BSEE determined that Signal Hill had preemptively defaulted on its decommissioning obligations under the terms of the Lease and the Outer Continental Shelf Lands Act.

Following Signal Hill's relinquishment of the Lease, BSEE delivered the Orders to the Order Recipients, requiring them, among other things, to decommission "all wells, pipelines, platforms, and other facilities" associated with the Lease for which they had allegedly accrued an obligation, and "under the regulations" to complete decommissioning "within one year." The Orders also, among other things, require the Order Recipients to perform "all required maintenance and monitoring of the platforms, wells, and pipelines on the Lease for the purpose of decommissioning until those obligations are met." The Order Recipients each dispute that they have accrued any such obligations under the applicable Lease terms and regulations, and they have each appealed their respective Orders.

2.

Nothing in this Agreed Joint Motion is intended to suggest BSEE's agreement with the Order Recipients' contentions in their appeals. The Order Recipients and BSEE desire that pending the appeals of the Orders certain maintenance and monitoring activities defined in their Partial Stay Agreement be undertaken as are reasonably necessary to maintain safety and environmental protection and to preserve the Lease assets for decommissioning.

3.

In order to provide for monitoring and maintenance activities that are reasonably necessary to maintain safety and environmental protection and to preserve the assets for decommissioning as set forth in the attached Partial Stay Agreement, the Order Recipients and BSEE jointly request that the Board enter an Order (1) approving this Motion and granting a partial stay of the Orders relating to all aspects of the Orders except the monitoring and maintenance work defined in the Partial Stay Agreement, and (2) providing that the partial stay will remain in effect until the Order

recipients' appeals are fully and finally resolved before the IBLA or until the Partial Stay Agreement is otherwise terminated pursuant to Paragraph 13 of the Partial Stay Agreement.

WHEREFORE, for good cause shown, the Order Recipients and BSEE respectfully request that the Board grant this Agreed Joint Motion for Entry of Partial Stay of Orders.

Respectfully submitted,

Dated: January __, 2021

/s _____
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Washington, D.C. 20240

*Attorney for Bureau of Safety and Environmental
Enforcement*

CERTIFICATE OF SERVICE

I hereby certify that service of the foregoing was made in accordance with the applicable rules, as modified in response to the COVID- 19 pandemic by the Interior Board of Land Appeal's March 24, 2020 Order and website instruction, available at <https://www.doi.gov/oha/organization/ibla>. to the parties below on January __, 2021.

Via Email to IBLA@oha.doi.gov

U.S. Department of the Interior
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Email to eric.andreas@sol.doi.gov

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/s
Adam Gray