

ATTACHMENT 2

United States Department of the Interior, Bureau of Safety and  
Environmental Enforcement Letter to the District,  
dated June 5, 2023

July 3, 2024

Santa Barbara County Air Pollution Control District  
Hearing Board

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



# United States Department of the Interior

BUREAU OF SAFETY AND ENVIRONMENTAL ENFORCEMENT

Pacific OCS Region

760 Paseo Camarillo, Suite 102

Camarillo, CA 93010-6064

06/05/2023

Kaitlin McNally  
Compliance Division Manager  
Air Pollution Control District  
Santa Barbara County  
260 N. San Antonio Rd., Suite A  
Santa Barbara, CA 93110

RE: Platform Hogan and Houchin Variance Petitions - July 5<sup>th</sup> Hearing Board Meeting

Dear Ms. McNally,

It was a pleasure meeting with you and David Harris on Wednesday, May 10<sup>th</sup>. I appreciate you and David taking the time to provide an overview of the status of the air permit variance extensions related to the two referenced facilities, Platforms Hogan and Houchin. During our discussions you indicated that at the December 2022, SBCAPCD Hearing Board Meeting, there was some discussion about who is the “Responsible Party” for the two facilities, and if an Abatement Order was considered, to whom would it be issued? The Bureau of Safety and Environmental Enforcement (BSEE) has considered these two questions and offers the following responses:

***1. Who is responsible for decommissioning the facilities?***

There is presently no simple answer to this question, except to say that the issue is currently being litigated before the Interior Board of Land Appeals (IBLA).

As background, ConocoPhillips Company (COP) sold its partial record title interest in the underlying Federal outer Continental Shelf lease to Signal Hill Services, Inc. in 1991, after the Hogan and Houchin Platforms had been constructed and certain wells on the Lease had been drilled. The other partial record title owners of the Lease at that time did the same. Thereafter, Signal Hill became the owner of 100% of the record title interest.

On October 14, 2020, Signal Hill sent a Relinquishment of Federal Oil and Gas Lease to the Bureau of Ocean Energy Management. Based on Signal Hill’s communications, BSEE determined that Signal Hill had preemptively defaulted on its obligations to decommission the wells and facilities under the terms of the Lease and Department of the Interior regulations promulgated pursuant to the Outer Continental Shelf Lands Act (OCSLA). As a result of this default, BSEE invoked Departmental regulations allowing it to seek performance from prior leaseholders of obligations that had accrued during their tenure. To that end, in November 2020, BSEE ordered the prior lessees (COP, Oxy, and Devon) to decommission “all wells, pipelines, platforms, and other facilities” associated with the Lease for which they held an accrued obligation. These decommissioning orders also required the prior lessees 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 prior lessees chose to appeal those orders to the IBLA, disputing that they accrued the relevant decommissioning obligations under the applicable Lease terms and regulations.

In connection with that filing, the parties entered into a partial stay agreement to address the ordered performance during pendency of the appeal. That agreement requires the prior lessees to perform certain maintenance and monitoring activities to maintain safety and environmental protection and to preserve the Lease assets for decommissioning while the appeal disputing their ultimate decommissioning responsibility is pending. The IBLA approved the agreement in February 2021. Since that time, COP and its contractors have invested extensive resources into the maintenance and restoration of the Hogan and Houchin facilities under this agreement, including repair, replacement, and upkeep of equipment designed to control and minimize emissions. Briefing of the issue of liability was completed in August 2021. The parties now await the IBLA's decision.

Accordingly, the question of legal liability for decommissioning the facilities remains unresolved at this time, and the federal government has entered into an advantageous agreement with the prior lessees to maintain and monitor the facilities in the meantime.

## **2. *Abatement order?***

The authority to order and enforce plugging and abandonment of wells drilled on federal leases on the outer Continental Shelf lies with BSEE under OCSLA and its implementing regulations. BSEE has exercised that authority through issuance of the orders to the predecessor lessees. The proper administration of those obligations pursuant to the relevant applicable authorities is currently pending resolution before the IBLA as delegated representative of the Secretary of the Interior. Action by the SBCAPCD to order additional decommissioning activities under the circumstances would be inconsistent with the applicable legal regime.

Should legal counsel who represent the SBCAPCD Board Members wish to discuss these matters with our attorneys within the Department's Office of the Solicitor, they may contact:

Matthew Ballenger, Assistant Solicitor  
matthew.ballenger@sol.doi.gov  
Telephone: 202-208-2485

Through routine BSEE inspections at these facilities, and quarterly updates by COP and their agent Beacon-West, it has been well documented that the ongoing work has far exceeded the terms of the Partial Stay Agreement. A vital upgrade has been the repair of the cranes on both platforms, which took a significant amount of time, effort, and ingenuity. Without their repair, most of the work to help ensure worker safety, such as replacement of deck plating, handrails, stairs, landings, etc., would not have been possible.

Related to air quality issues, the flare on Hogan was put back-into-service in January 2023, after the upgrades that I mentioned were completed. Only then could the repair of the flare be done safely.

Wells on Platform Hogan that exhibit gas pressure, monitored daily, are periodically bled down for safety considerations with the vented gas now able to be flared per SBCAPCD requirements.

Now that a working crane has been installed on Houchin, similar facility upgrades are ongoing, including new deck plating around the damaged flare boom. This preliminary work is necessary before this flare can be safely repaired and put back-into-service, which is anticipated to be done by September 2023. In addition, pipelines have been removed from the wellheads at both facilities and these connections blind-flanged, to reduce the potential for fugitive emissions.

Most of the significant facility upgrades at Platform Hogan needed to address worker health and safety have been addressed. Platform Houchin, which in general terms was in worse condition than Platform Hogan when Signal Hill relinquished the lease, still requires a significant number of upgrades. COP estimates that the facility repair and upgrade work necessary to bring it into a condition where well abandonment and decommissioning work can be conducted safely may take a year or more. In addition, Covid-19 caused many delays for the projects I've previously mentioned.

Approval of future SBCAPCD air permit variance requests is critical for the necessary and appropriate ongoing facility maintenance and repairs to continue and for COP to comply with the Partial Stay Agreement. We are not aware of viable alternatives to these arrangements under the current circumstances. All the work they are currently doing is what a prudent operator would be doing to prepare these facilities for future well abandonment projects and ultimately the decommissioning of these platforms.

I plan to attend the July 5<sup>th</sup> Hearing Board meeting and I'm more than glad to answer any questions you or the SBCAPCD Board members may have.

Thank you for your consideration in this matter.

Respectfully,

**BRUCE  
HESSON**

Digitally signed by  
BRUCE HESSON  
Date: 2023.06.04  
22:02:43 -07'00'

Bruce H. Hesson, PE  
Regional Director, Pacific Region  
Bureau of Safety and Environmental Enforcement  
760 Paseo Camarillo, Suite 102  
Camarillo, CA 93010

Enclosures – Partial Stay Agreement, Orders (COP, Oxy, Devon)



United States Department of the Interior  
BUREAU OF SAFETY AND ENVIRONMENTAL ENFORCEMENT  
PACIFIC OCS REGION  
760 Paseo Camarillo, Suite 102  
Camarillo, CA 93010-6064

NOV 06 2020

**CERTIFIED MAIL**  
**TRACKING NO.: 70192970000174816057**  
**RETURN RECEIPT REQUESTED**

Mr. Bill Borgh  
Program Manager  
ConocoPhillips (COP)  
935 N. Eldridge Parkway  
Houston, TX 77079-1175

Re: Decommissioning of Oil & Gas Lease OCS-P 0166

Dear Mr. Borgh:

Thank you for your letter dated October 27, 2020, where you acknowledged receipt of our letter dated October 21, 2020, as we requested. In response to your inquiry whether the October 21 letter was an Order or decision, we offer the following clarification. The Bureau of Safety and Environmental Enforcement (BSEE) does not consider the October 21 letter to be an appealable order or decision. The October 21 letter was a courtesy to notify COP of its potential liability given that Signal Hill Services, Inc. relinquished Lease OCS-P 0166 (the Lease) and defaulted on its decommissioning obligations. This letter is to confirm that as a prior lessee, BSEE has determined that COP is responsible for decommissioning all wells, pipelines, platforms, and other facilities for which it has accrued decommissioning obligations pursuant to 30 C.F.R. § 250.1702. Accordingly, COP is hereby ordered to perform its accrued decommissioning obligations pursuant to the regulations at 30 C.F.R. Part 250, subpart Q.

COP's decommissioning obligations include the performance of all required maintenance and monitoring of the platforms, wells, and pipelines on the Lease for the purpose of decommissioning until those obligations are met.

To comply with its decommissioning obligations, COP is further ordered to:

1. Provide written acknowledgment of receipt of this order to me at the address below.

2. Confirm within 15 days of this order that COP will immediately undertake necessary maintenance and monitoring of the platforms, wells, and pipelines on the Lease for which COP has accrued an obligation until each obligation is met.
3. Coordinate with the appropriate BSEE offices in preparation for maintenance and monitoring and decommissioning. These include the Office of Field Operations (Bruce Hesson, 805-384-6373), the Oil Spill Preparedness Division (Robert Zaragoza, 805-384-6326), and the Office of Strategic Operations (Theresa Bell, 805-384-6327).
4. Submit a plan for decommissioning your accrued obligations on the Lease within 90 days of the receipt of this order.

This order may be appealed pursuant to 30 C.F.R. Part 290. Notice of an appeal must be filed with the BSEE Pacific Regional Director within 60 calendar days of receiving this letter and served on the Associate Solicitor, Division of Mineral Resources (*see* NTL No. 2009-N12). A processing fee of \$150 is required and must be paid electronically using [www.pay.gov](http://www.pay.gov).

We have also provided responses to your inquiries in your letter dated October 27, 2020, which are listed below.

1. Was the October 21, 2020, letter to ConocoPhillips intended to be a final, appealable order? *Please see comments above. The first letter was a courtesy notification. This letter is an appealable Order.*
2. If so, what is the deadline for ConocoPhillips to appeal? *Under 30 C.F.R. § 290.3, COP has 60 days from receipt of this Order to appeal.*
3. If so, what is the specific scope of obligations that ConocoPhillips Company is being ordered to perform and the timeline for such performance? *COP is being ordered to perform their accrued obligations under the lease pursuant to 30 C.F.R. Part 250, subpart Q. Under the regulations, decommissioning is required to be completed within one year after lease termination, as specified in 30 C.F.R. §§ 250.1710 and 1725. However, we do not expect that to occur and by entering into a consent stay agreement, BSEE will be effectively staying any requirement to perform decommissioning until an appeal is decided. In the event that a consent stay is not entered into, BSEE would be willing to grant a reasonable extension of the one-year period.*

4. What is the statutory or regulatory basis for BSEE's assertion that ConocoPhillips Company may have decommissioning obligations for Lease OCS-P 0166? *Please refer to 30 C.F.R. Part 250, subpart Q and 30 C.F.R. Part 556, subpart G.*

Please feel free to contact me should you have any questions at [bruce.hesson@bsee.gov](mailto:bruce.hesson@bsee.gov) or (805) 384-6373.

Regards,



Bruce H. Hesson, PE  
Regional Supervisor  
Office of Field Operations  
Pacific Region

cc: Chevron USA Inc.  
Attn: Mr. J. Keith Couvillion, Assistant Secretary  
1500 Louisiana St.  
Houston, TX 77002

Chevron North America Exploration and Production Company  
Attn: Mr. Walid Masri, Program Director  
West Coast Decommissioning Program  
3916 State Street, Suite 200  
Santa Barbara, CA 93105

Devon Energy Corporation  
Attn: Mr. Mark McDaniel  
333 West Sheridan Avenue  
Oklahoma City, OK 73102

California Resources Corporation (CRC)  
Attn: Ms. Jody Johnson  
Deputy General Counsel  
27200 Tourney Road., Suite 200  
Santa Clarita, CA 91355

Oxy U.S.A. Inc.  
Attn: Ms. Kelley Montgomery, Regulatory Director  
P.O. Box 27570  
Houston, TX 27570

Signal Hill Service, Inc.  
Attn: Richard Carone, Chief Executive Officer  
P.O. Box 5565  
Oxnard, CA 93031

Bureau of Safety and Environmental Enforcement  
Attn: Mark Fesmire, P.E., J.D., Acting Regional Director  
760 Paseo Camarillo, Suite 102  
Camarillo, CA 93010

Bureau of Ocean Energy Management, Pacific OCS Region  
Attn: Joan Barminski, Regional Director  
760 Paseo Camarillo, Suite  
Camarillo, CA 93010

Office of the Solicitor – US Dept. of the Interior  
Attn: Matthew Ballenger, Assistant Solicitor  
1849 C Street NW, MS 5358  
Washington, DC 20240

Office of the Solicitor – US Dept. of the Interior  
Attn: Mr. Ryan Lamb, Attorney Advisor  
1849 C Street NW, MS 5358  
Washington, DC 20240





United States Department of the Interior  
BUREAU OF SAFETY AND ENVIRONMENTAL ENFORCEMENT  
PACIFIC OCS REGION  
760 Paseo Camarillo, Suite 102  
Camarillo, CA 93010-6064

NOV 06 2020

**CERTIFIED MAIL**  
**TRACKING NO.: 70192970000174816064**  
**RETURN RECEIPT REQUESTED**

Mr. Mark McDaniel  
Senior Counsel  
Devon Energy Corporation (Devon)  
333 West Sheridan Avenue  
Oklahoma City, OK 73102

Re: Decommissioning of Oil & Gas Lease OCS-P 0166

Dear Mr. McDaniel:

Thank you for your letter dated October 27, 2020, where you acknowledged receipt of our letter dated October 21, 2020, as we requested. In response to your inquiry whether the October 21 letter was an Order or decision, we offer the following clarification. The Bureau of Safety and Environmental Enforcement (BSEE) does not consider the October 21 letter to be an appealable order or decision. The October 21 letter was a courtesy to notify Devon of its potential liability given that Signal Hill Services, Inc. relinquished Lease OCS-P 0166 (the Lease) and defaulted on its decommissioning obligations. This letter is to confirm that as a prior lessee, BSEE has determined that Devon is responsible for decommissioning all wells, pipelines, platforms, and other facilities for which it has accrued decommissioning obligations pursuant to 30 C.F.R. § 250.1702. Accordingly, Devon is hereby ordered to perform its accrued decommissioning obligations pursuant to the regulations at 30 C.F.R. Part 250, subpart Q.

Devon's decommissioning obligations include the performance of all required maintenance and monitoring of the platforms, wells, and pipelines on the Lease for the purpose of decommissioning until those obligations are met.

To comply with its decommissioning obligations, Devon is further ordered to:

1. Provide written acknowledgment of receipt of this order to me at the address below.
2. Confirm within 15 days of this order that Devon will immediately undertake necessary maintenance and monitoring of the platforms, wells, and pipelines on the Lease for which Devon has accrued an obligation until each obligation is met.

3. Coordinate with the appropriate BSEE offices in preparation for maintenance and monitoring and decommissioning. These include the Office of Field Operations (Bruce Hesson, 805-384-6373), the Oil Spill Preparedness Division (Robert Zaragoza, 805-384-6326), and the Office of Strategic Operations (Theresa Bell, 805-3846327).
4. Submit a plan for decommissioning your accrued obligations on the Lease within 90 days of the receipt of this order.

This order may be appealed pursuant to 30 C.F.R. Part 290. Notice of an appeal must be filed with the BSEE Pacific Regional Director within 60 calendar days of receiving this letter and served on the Associate Solicitor, Division of Mineral Resources (*see* NTL No. 2009-N12). A processing fee of \$150 is required and must be paid electronically using [www.pay.gov](http://www.pay.gov).

Should you have any questions please feel free to contact me at [bruce.hesson@bsee.gov](mailto:bruce.hesson@bsee.gov) or at (805) 384-6373.

Regards,



Bruce H. Hesson, PE  
Regional Supervisor  
Office of Field Operations  
Pacific Region

cc: Chevron USA Inc.  
Attn: Mr. J. Keith Couvillion, Assistant Secretary  
1500 Louisiana St.  
Houston, TX 77002

Chevron North America Exploration and Production Company  
Attn: Mr. Walid Masri, Program Director  
West Coast Decommissioning Program  
3916 State Street, Suite 200  
Santa Barbara, CA 93105

Bill Borgh  
Program Manager  
ConocoPhillips (COP)  
935 N. Eldridge Parkway  
Houston, TX 77079-1175

California Resources Corporation (CRC)  
Attn: Ms. Jody Johnson  
Deputy General Counsel  
27200 Tourney Road., Suite 200  
Santa Clarita, CA 91355

Oxy U.S.A. Inc.  
Attn: Ms. Kelley Montgomery, Regulatory Director  
P.O. Box 27570  
Houston, TX 27570

Signal Hill Service, Inc.  
Attn: Richard Carone, Chief Executive Officer  
P.O. Box 5565  
Oxnard, CA 93031

Bureau of Safety and Environmental Enforcement  
Attn: Mark Fesmire, P.E., J.D., Acting Regional Director  
760 Paseo Camarillo, Suite 102  
Camarillo, CA 93010

Bureau of Ocean Energy Management, Pacific OCS Region  
Attn: Joan Barminski, Regional Director  
760 Paseo Camarillo, Suite  
Camarillo, CA 93010

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Washington, DC 20240

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760 Paseo Camarillo, Suite 102  
Camarillo, CA 93010-6064

NOV 06 2020

**CERTIFIED MAIL**  
**TRACKING NO.: 70192970000174816071**  
**RETURN RECEIPT REQUESTED**

Ms. Kelley Montgomery  
Regulatory Director  
OXY U.S.A. Inc. (OXY)  
P.O. Box 27570  
Houston, TX 27570

Re: Decommissioning of Oil & Gas Lease OCS-P 0166

Dear Ms. Montgomery:

Our office has received inquiries from other parties listed whether our October 21, 2020, letter was an Order or decision, and if it is appealable. As such, we are providing this letter for clarification. The Bureau of Safety and Environmental Enforcement (BSEE) does not consider the October 21 letter to be an appealable order or decision. The October 21 letter was a courtesy to notify OXY of its potential liability given that Signal Hill Services, Inc. relinquished Lease OCS-P 0166 (the Lease) and defaulted on its decommissioning obligations. This letter is to confirm that as a prior lessee, BSEE has determined that OXY is responsible for decommissioning all wells, pipelines, platforms, and other facilities for which it has accrued decommissioning obligations pursuant to 30 C.F.R. § 250.1702. Accordingly, OXY is hereby ordered to perform its accrued decommissioning obligations pursuant to the regulations at 30 C.F.R. Part 250, subpart Q.

OXY's decommissioning obligations include the performance of all required maintenance and monitoring of the platforms, wells, and pipelines on the Lease for the purpose of decommissioning until those obligations are met.

To comply with its decommissioning obligations, OXY is further ordered to:

1. Provide written acknowledgment of receipt of this order to me at the address below.
2. Confirm within 15 days of this order that OXY will immediately undertake necessary maintenance and monitoring of the platforms, wells, and pipelines on the Lease for which OXY has accrued an obligation until each obligation is met.

3. Coordinate with the appropriate BSEE offices in preparation for maintenance and monitoring and decommissioning. These include the Office of Field Operations (Bruce Hesson, 805-384-6373), the Oil Spill Preparedness Division (Robert Zaragoza, 805-384-6326), and the Office of Strategic Operations (Theresa Bell, 805-384-6327).
4. Submit a plan for decommissioning your accrued obligations on the Lease within 90 days of the receipt of this order.

This order may be appealed pursuant to 30 C.F.R. Part 290. Notice of an appeal must be filed with the BSEE Pacific Regional Director within 60 calendar days of receiving this letter and served on the Associate Solicitor, Division of Mineral Resources (*see* NTL No. 2009-N12). A processing fee of \$150 is required and must be paid electronically using [www.pay.gov](http://www.pay.gov).

Should you have any questions please feel free to contact me at [bruce.hesson@bsee.gov](mailto:bruce.hesson@bsee.gov) or at (805) 384-6373.

Regards,



Bruce H. Hesson, PE  
Regional Supervisor  
Office of Field Operations  
Pacific Region

cc: Chevron USA Inc.  
Attn: Mr. J. Keith Couvillion, Assistant Secretary  
1500 Louisiana St.  
Houston, TX 77002

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Attn: Mr. Walid Masri, Program Director  
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Bill Borgh  
Program Manager  
ConocoPhillips (COP)  
935 N. Eldridge Parkway  
Houston, TX 77079-1175

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Attn: Mr. Mark McDaniel  
333 West Sheridan Avenue  
Oklahoma City, OK 73102

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Attn: Richard Carone, Chief Executive Officer  
P.O. Box 5565  
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Bureau of Safety and Environmental Enforcement  
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760 Paseo Camarillo, Suite 102  
Camarillo, CA 93010

Bureau of Ocean Energy Management, Pacific OCS Region  
Attn: Joan Barminski, Regional Director  
760 Paseo Camarillo, Suite  
Camarillo, CA 93010

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Washington, DC 20240

Office of the Solicitor – US Dept. of the Interior  
Attn: Mr. Ryan Lamb, Attorney Advisor  
1849 C Street NW, MS 5358  
Washington, DC 20240

**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 17, 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.

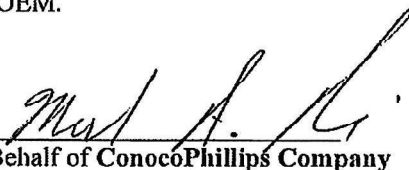
17. This Agreement may only be supplemented, modified, or amended by written agreement, executed by an authorized representative of each Party.

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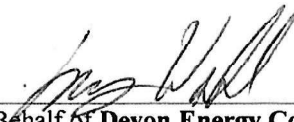
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20. This Agreement is governed by federal law in accordance with 43 U.S.C. § 1333(a)(2).

**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  
+0800 **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**

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<i>In Re ConocoPhillips Company</i> , IBLA 2021-137	)	Orders re Decommissioning of Lease OCS-P 0166
<i>In Re OXY U.S.A. Inc.</i> , IBLA 2021-138	)	
<i>In Re Devon Energy Corporation</i> , IBLA 2021-132	)	
	)	

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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 \_\_\_\_\_  
Charles J. (Tim) Engel  
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*Attorney for OXY U.S.A. Inc.*

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U.S. Department of the Interior  
1849 C Street, N.W.  
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](mailto:IBLA@oha.doi.gov)

U.S. Department of the Interior  
Office of Hearings and Appeals  
Interior Board of Land Appeals  
801 N. Quincy Street, Suite 300  
Arlington, VA 22203

*Email to* [eric.andreas@sol.doi.gov](mailto:eric.andreas@sol.doi.gov)

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c/o Eric Andreas, Attorney-Advisor  
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U.S. Department of the Interior  
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Washington, D.C. 20240

*Via Email* [Matthew.Ballenger@sol.doi.gov](mailto:Matthew.Ballenger@sol.doi.gov)

U.S. Department of the Interior

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Washington, DC 20240

*Email to* Mark.Fesmire@bsee.gov

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Bureau of Safety and Environmental Enforcement  
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Pacific OCS Region  
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Camarillo, CA 93010-6064

*Via Email:* pleggette@bakerlaw.com, sysmith@bakerlaw.com

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/s  
Adam Gray