

PUBLICATION

BOEM Suspends Implementation of New Financial Assurance Requirements

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The Bureau of Ocean Energy Management (BOEM) announced Friday, January 6, that it would suspend the implementation of the new financial assurance requirements relating to decommissioning obligations of lessees' facilities on the Outer Continental Shelf (NTL 2016-01).

The suspension will last six months and applies to all leases, rights-of-way and rights-of-use and easement where there are co-lessees and/or predecessors-in-interest (non-sole liability properties), except in cases where BOEM determines there is a substantial risk of non-performance of the lessee's decommissioning liabilities.

The suspension allows time for BOEM to work with industry to figure out how the new financial assurance requirements of NTL 2016-01 would affect sole-liability properties (where the holder of the lease is the only liable party) versus non-sole liability properties (where there are various co-lessees and predecessors-in-interest that may be liable parties). During the suspension, lessees of non-sole liability facilities are encouraged to work with BOEM to submit and negotiate plans relating to financial security.