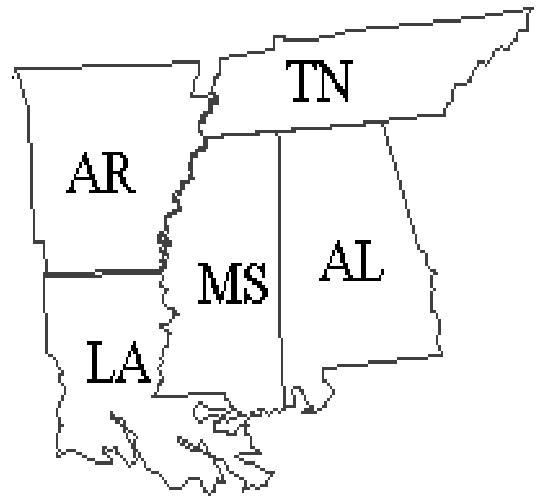


Southern Currents



Notice to the Area Port of New Orleans Trade Community

Date October 22, 2008

No.: 08-007

SUBJECT: Plugging and Abandonment of Offshore Production Facilities

The coastwise laws generally apply to points in the territorial sea, which is defined as the belt, three nautical miles wide, seaward of the territorial sea baseline, and to points located in internal waters, landward of the territorial sea baseline. Under Section 4(a) of the Outer Continental Shelf Lands Act of 1953, as amended (43 U.S.C. § 1333(a)), the laws of the United States are extended to the subsoil and seabed of the OCS, to all artificial islands, and all installations and other devices permanently or temporarily attached to the seabed, which may be erected thereon for the purpose of exploring for, developing, or producing resources as if the OCS were an area of exclusive Federal jurisdiction located within a State. In accordance with this statute, we have ruled that the coastwise laws apply to drilling platforms, artificial islands, and similar structures, as well as to devices attached to the seabed of the OCS for the purpose of resource exploration operations. (See Headquarters Ruling Letter 114586, dated January 21, 1999; Headquarters Ruling Letter H008396, dated June 4, 2007).

Thus, if an offshore production facility is attached to the seabed of the OCS for the purpose of "exploring for, developing, or producing resources" from the OCS, it constitutes a coastwise point. A facility does not cease to be a coastwise point until it meets the Department of Interior's Minerals Management Service ("MMS") requirements to permanently plug and abandon the site. ((See 30 C.F.R. § 250(attached); Headquarters Ruling Letter 110959, dated August 8, 1990)). In accordance with this finding, CBP has held that a temporarily abandoned well on the OCS remains a coastwise point. (See Headquarters Ruling Letter 113113, dated June 28, 1994; Headquarters Ruling Letter 116394, dated February 8, 2005; Headquarters Ruling Letter 116350, dated January 18, 2005). Additionally, a self-propelled drilling vessel is considered a coastwise point while at anchor, before or after it has engaged in drilling operations, since it is attached to the seabed of the OCS for the purpose of drilling or exploring for resources from the OCS. (See Headquarters Ruling Letter 109849, dated November 18, 1988; Headquarters Ruling Letter 109817, dated November 14, 1988).

Similarly, temporarily halting production for problems with the well itself or when the need arises for a facility operator to shut a valve to halt the flow of hydrocarbons does not cause the facility to cease to be a coastwise point. During this temporary halt in production, the facility is still attached to the seabed of the OCS and its purpose remains "exploring for, developing, or producing resources" from the OCS, therefore, it remains a coastwise point.

If you have any questions regarding this matter, please contact Michael Hebert, Port Director, Morgan City, Louisiana at 985-632-8187 or at Michael.Hebert@dhs.gov.

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