



INTERNATIONAL ASSOCIATION OF GEOPHYSICAL CONTRACTORS

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April 9, 1997

RECEIVED
4-14-97 MAB

Mr. John V. Mirabella
Chief, Engineering and Standards Branch
Minerals Management Service
Department of the Interior
Mail Stop 4700
381 Elden Street
Herndon, Virginia 20170-4817

Dear Mr. Mirabella:

The following comments are being filed in response to the proposed rule published in the Federal Register of February 11, 1997 regarding Geological and Geophysical (G&G) Explorations of the Outer Continental Shelf.

IAGC membership includes the independent service companies who carry out most of the geophysical exploration in the United States in search of new oil and gas supplies. Consequently, our members are directly affected by this proposed rulemaking.

We are deeply concerned that, in this draft rule, MMS fails to take into account the geophysical industry's extreme sensitivity to revealing the identity of licensees of non-exclusive (speculative) geophysical data. MMS recognized this sensitivity in its 1995 "Trial Procedures for Access to Certain Geophysical Data in the Gulf of Mexico" (copy attached), which were developed over several months by representatives of IAGC, the American Petroleum Institute (API), the Independent Petroleum Association of America (IPAA) and the MMS staff.

Disclosure of this licensing information will jeopardize the competitive interests of the oil and gas exploration companies, whose exploration strategies will be compromised by a listing of their data licensing transactions and subsequent processing, reprocessing and/or interpretations.

MMS notification within 30 days of every licensing agreement, as the Regional Director could require under this proposed rule, also creates a major administrative and paperwork burden for G&G data owners and brokers, many of whom have hundreds of these transactions, on an almost continuous basis, annually.

The notification requirement contained in Secs. 251.11 and 251.12 will require licensors of G&G data to modify all of their license agreements, creating yet another administrative and paperwork burden.

Mr. John V. Mirabella
April 9, 1997
Page 2

We believe the requirement in 251.11(c) -- that recipients of licensed speculative data assume the obligations of a permittee and thus are subject to the penalty provisions of subpart N of part 250 -- is unreasonable, inappropriate and should be deleted.

Similarly, the requirement in 251.11(c)(1) that recipients of licensed data must accept, in writing, the obligations of the permittee may be unacceptable to these companies and would inhibit their use of these data. This would have a devastating effect on both data owners and brokers, and would be counterproductive to OCS oil and gas development.

Further, MMS requests for access to data from licensees conflicts with the terms of most licensing agreements, which require that the data owner be notified prior to any third-party access. This is significant to data owners because it activates the confidentiality period under which such data can be made public. There also have been numerous situations in the past where licensees attempted to provide the MMS with pre-1985 data, to which the MMS does not have the rights without paying the processing costs.

Three additional concerns:

We are confused by the new provision in Sec. 251.6(c) requiring consultation and coordination with other users of the area. Does this change the normal consultation and coordination procedures currently being carried out by OCS geophysical permittees? We are not aware of any problems being experienced in this regard. Further, consultation and coordination with other "...oil and gas, and geophysical survey industries", as proposed, raises serious antitrust questions.

Wording in Sec. 251.6 (d) mandates that industry "...use the best available and safest technologies that the Regional Director determines to be economically feasible". Does this mean that MMS can, or will, specify the instrumentation to be used by geophysical vessels? It is unlikely that the Regional Director is sufficiently knowledgeable to determine which technology is best and safest with respect to individual surveys.

Mr. John Mirabella
April 9, 1997
Page 3

Finally, some clarification may be needed when discussing "research" as applied to cases when a geophysical contractor is researching new instrumentation (e.g., new acquisition systems, cables and energy sources). Will the data recorded in these tests be subject to the government-access data requirement?

* * * * *

Because of industry's strong concerns about this proposed rule and its potential extreme impact on the geophysical industry, we would appreciate the opportunity to meet with MMS staff to discuss these concerns further before a final rule is adopted. I understand that Ben Dillon of IPAA is seeking such a meeting with David Zinzer or Ms. Kumkum Ray, to be attended by representatives from that organization, IAGC, API and the National Ocean Industries Association (NOIA).

Respectfully submitted,

INTERNATIONAL ASSOCIATION
OF GEOPHYSICAL CONTRACTORS

Charles F. Darden

Charles F. Darden
President

CFD/ms/mms.dat

attachment



United States Department of the Interior

MINERALS MANAGEMENT SERVICE

Gulf of Mexico OCS Region
1201 Elmwood Park Boulevard
New Orleans, Louisiana 70123-2394

In Reply Refer To: MS 5123

January 26, 1996

International Association of
Geophysical Contractors
Attention: Mr. Charles Darden
Post Office Box 460209
Houston, Texas 77056-0209

Gentlemen:

This is to inform you of a change to the "Trial Procedures for Access to Certain Geophysical Data and Information in the Gulf of Mexico" (April 12, 1995). This set of procedures specified that participants in the Minerals Management Service (MMS) Gulf of Mexico OCS Lease Sales declare any possession of nonspeculative depth migrated data along with a specific data type (prestack or poststack\2-D or 3-D) for tracts on which they bid.

We will be requesting through the Final Notice of Sale for OCS Sale Number 157 that further clarification be made regarding the aforementioned data. Specifically, we ask that data be identified by specific line name (for 2-D data) or by Phase/Area name (for 3-D data). This should also include the contractor name for nonexclusive data acquired from a third party or contracting agent.

The purpose of this change is to facilitate identification of depth migrated and regular time data which may or may not already be in the possession of MMS. This will lessen any undue time burdens placed on bidders in further identification of data sets.

This amended "Trial Procedures for Access to Certain Geophysical Data and Information in the Gulf of Mexico," (revised January 19, 1995) is enclosed, and copies may be obtained from MMS Public Information Office, 1201 Elmwood Park Boulevard, New Orleans, Louisiana 70123-2394.

Any questions should be directed to Mr. Ron Brinkman at (504) 736-2720.

Sincerely,

Gary E. Lore
Regional Supervisor
Resource Evaluation

FINAL

Trial Procedures for Access
to Certain Geophysical Data and
Information in the Gulf of Mexico

Revised
January 19, 1996

Trial procedures for Access
to Certain Geophysical Data and
Information in the Gulf of Mexico

Background

Pursuant to Sections 18 and 26 of the Outer Continental Shelf (OCS) Lands Act, the Minerals Management Service (MMS) has a right of access to certain geophysical data and information obtained or developed as a result of operations on the OCS. The procedures contained within this document are applicable solely to geophysical data acquired under a permit for geophysical exploration on the OCS issued under 30 CFR Part 251 and reprocessed by a third party, including a licensee, not on behalf of the permittee. Nothing herein should be construed to apply to speculative data acquired by a permittee and processed and/or reprocessed by the permittee or its agent for its use. The sole objective is to provide MMS timely access to geophysical data and information not available directly for any reason from the permittee, but which may be held by third parties, including licensees of the permittee, for MMS' use in determining the adequacy of bids received at OCS lease sales. These trial procedures are further limited specifically to processed and reprocessed pre- and post-stack depth migrated data ("geophysical information" as defined in 30 CFR 251.2) designed to enhance interpretations below and adjacent to salt structures. It is not MMS' intent to request interpreted geophysical information as defined in 30 CFR Part 251.2 through these procedures, but rather to seek access to only processed and reprocessed geophysical data.

MMS is also sensitive to the concerns expressed by industry regarding the confidentiality of individual company work products and client lists and the potential burden of responding to a myriad of requests from MMS pertaining to the existence and availability of these types of reprocessed geophysical data. While the procedures below are in effect, permittees will not be required to reveal to whom the data has been licensed, nor the client for which data has been processed or reprocessed on a proprietary basis.

Procedures

These procedures are part of the Notice of Sale and apply only to the Gulf of Mexico. They are intended to remain in place for a short period of time to allow MMS to evaluate their effectiveness.

In some cases the geophysical data and information required by the MMS may not, for contractual or other reasons, be available from

the permittee who acquired the basic geophysical data pursuant to the permit; but instead may only be available from third parties including licensees.

Pursuant to these trial procedures MMS will not require that permittees provide the names of any third parties including licensees to data acquired under a permit, or identify data that have been reprocessed on a proprietary basis for a client other than the permittee.

To resolve the concerns of both industry and MMS with respect to such cases, all companies bidding on a Gulf of Mexico OCS tract, or participating as a joint bidder in such a bid, will be required to provide with the bid, but not as a part of the bid, a separate statement (suggested form attached) identifying any processed or reprocessed pre- and post-stack depth migrated geophysical data (as described in Exhibit "A") which is in their possession and control and pertains to that tract. MMS is now requiring specific identification of line name(s) (for 2D data) or 3D Phase name(s) used for depth migration. Within 7 working days of a written request from MMS such bidders will allow MMS to inspect the data, and upon further written request will transmit to MMS within 10 working days such data in the attached format. Upon written request with supporting justification to the Regional Director, MMS may provide limited additional time for the bidder to provide the data. The bidder will retain the data which was used for evaluation of a tract for a bid for a period of 90 days after the sale, and make it available for MMS inspection and possible acquisition. If a bidder is awarded a lease on a tract, that bidder's data, or the most recent derivation available at the time of a request by MMS, will be retained and made available for MMS inspection and possible acquisition for a period of 3 years after the sale. If the bidder was not awarded a lease on the tract, such bidder's data must be retained and made available for MMS inspection and possible acquisition for a period of 6 months after the sale.

In the event MMS chooses to acquire the reprocessed data at a date later than 6 months after the sale, the MMS may request same in writing from the successful bidder and the successful bidder will have 30 calendar days from receipt of written notification to provide MMS, as appropriate, either access for inspection or copies of the requested data. The company providing the reprocessed data pursuant to these procedures will be reimbursed as follows. For the six month period after the sale, based on a review of the allowable cost for data reproduction to MMS for three-dimensional and two-dimensional data sets, the company providing the reprocessed data will be reimbursed at a rate of \$480 per block or part thereof for three-dimensional data and \$2 per line mile for two-dimensional data. Afterwards, reimbursement will be subject to the terms and conditions of 30 CFR Part 251.13(a).

All geophysical data and information obtained and reviewed by MMS pursuant to these procedures shall be held in the strictest confidence and treated as proprietary in accordance with the applicable terms of 30 CFR Part 251.14 and 252.3-252.7.

For additional information, contact the MMS Gulf of Mexico Regional Office of Resource Evaluation at (504) 736-2720 or (504) 736-2434.

TRIAL PROCEDURES

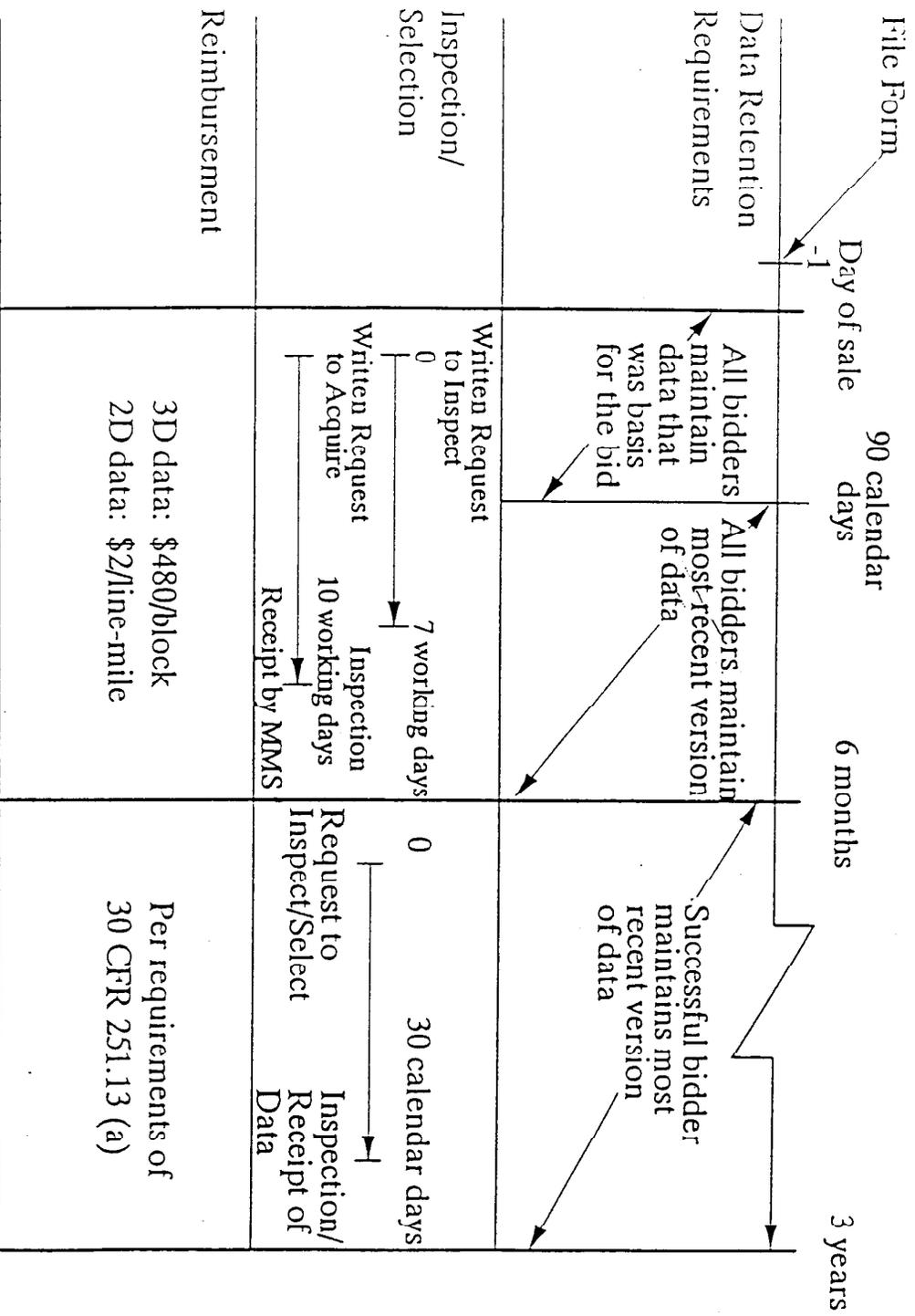


Exhibit "A"

Non-speculative Depth Migrated Geophysical Data and Information

The deliverables are as follows:

1. Three-dimensional and/or two-dimensional digital final processed and migrated time data corresponding to the depth migrated lines and shot points (item 2). Recorded on 8MM (2.5 g-byte) cassettes or other acceptable media in SEG Y standard exchange format.
2. Three-dimensional and/or two-dimensional digital final processed and migrated depth data. Recorded on 8MM (2.5 g-byte) cassettes or other acceptable media in SEG Y standard exchange format.
3. If available, one floppy diskette or 8MM cassette (or other acceptable media) digital navigation (bin-center) of final shot point locations for time data in SEG P1 format along with a corresponding paper copy. (Navigation data shall be first and last location point for each line.)
4. A sample paper copy of the processing sequence that was applied to the time and depth data.
5. Copies of SEG Y byte positions for the three-dimensional and/or two-dimensional time and depth digital data. Also workstation loading parameters for each data set (time data, post-stack depth migrated data, and pre-stack depth migrated data), including survey azimuth, in-line spacing, trace or CDP spacing, sample rate, record length and the latitude, longitude, line number, and trace number for each corner position (upper left, lower left, upper right, and lower right).
6. Pursuant to the above, if the data is available, the areal extent of the data to be provided shall be limited to the data needed for evaluation.

EXAMPLE OF PREFERRED FORMAT

STATEMENT OF POSSESSION AND CONTROL OF
DEPTH MIGRATED GEOPHYSICAL DATA AND INFORMATION
Submitted for Sale ____

(COMPANY NAME) has in its possession and control the following names and types of depth migrated geophysical data and information pertaining to block(s) we bid upon or participated as a joint bidder on:

- (Area, block, type(s) of data and information, and line name(s) for 2-D data)
- (Area, block, type(s) of data and information, and phase name(s) for 3-D data)

[Types of depth migrated data to be reported:

- a) Processed/reprocessed pre-stack 3-D depth migrated data and information.
- b) Processed/reprocessed post-stack 3-D depth migrated data and information.
- c) Processed/reprocessed pre-stack 2-D depth migrated data and information.
- d) Processed/reprocessed post-stack 2-D depth migrated data and information.

This requirement does not pertain to speculative pre- and post-stack depth migrated data and information.]

Data can be inspected at: (Street Address)

Contact for inspection of or acquisition of data:

Name: _____
Phone: _____
Fax #: _____
Mailing Address: _____

(COMPANY NAME) does not have in its possession and control any nonspeculative depth migrated geophysical data and information pertaining to the following block(s) we bid upon or participated as a joint bidder on:

- (Area and Block)
- (Area and Block)

(Signature of company official)
(Official's name)
(Official's title)*
(Date Submitted)

[* An exploration manager or someone in a comparable position with knowledge of the data used in the evaluation of block(s).]

Bidder's Envelope for Seismic Data Statement- Example of Preferred Format

Ideas Galor- H.O. MISC. No. 20137

Depth Migrated Seismic Data Statement

Proprietary Data

SUBMITTED IN CONJUNCTION WITH OIL AND GAS LEASE SALE _____

- 1. Use standard size envelopes not to exceed 4-1/2" x 10-1/2"**
- 2. Use large boldface type, such as Times Roman Bold - 12 pt.**