



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
WASHINGTON, D.C. 20210

3104/3162
(621/630)
Relates to
IM 86-175
IM 86-435

December 2, 1986

Instruction Memorandum No. 87-151
Expires: 9/30/87

To: All State Directors

From: Director

Subject: Designation of Operator

S.D.:	<input checked="" type="checkbox"/>
ACTION:	
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These instructions will serve to clarify procedures regarding designation of operator. A formal designation of operator is not necessary unless the designee is operating under another party's bond, e.g., the lessee's bond, which can be indicated alternatively by a rider to that bond. Prior to 1984, the oil and gas regulations required that, in all cases where operations on a lease were not to be conducted by the lessee or the owner of approved operating rights, a "designation of operator" from such party to the proponent was to be submitted to the authorized officer before approval to commence operations was granted. The regulations at 43 CFR 3162.3 state that a lessee may authorize actual conduct of operations in its behalf by designating another party as operator in a manner and form acceptable to the authorized officer. Designation is not obligatory. Further, the self-certification processes contained in Instruction Memoranda 86-175 and 86-435 are deemed to be an acceptable manner and form.

Since a designation of operator is no longer a required procedure and an operator on the ground must be covered by either a general lease bond or operator's bond per 43 CFR 3104.2, for bond coverage purposes the Bureau only needs to now require a designation of an operator if the operations are to be conducted under the bond of another party. As stated above, this coverage also can be shown by a rider to the bond of the lessee or the operating rights owner or by specifying on Form 3160-8, Designation of Operator, that the bond coverage for the operation is under a specific bond number.

The Washington Office (620) is currently completing revisions to the combined oil and gas bond form and will make appropriate changes to accommodate this policy in 1987. Suggestions on form revision can be forwarded to that office.

George F. Brown
George F. Brown
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Mineral Resources