



United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, DC 20240

FEB 1 - 2013

The Honorable Edward Markey
Ranking Member, Committee on Natural Resources
House of Representatives
Washington, DC 20515

Dear Ranking Member Markey:

Thank you for your letter dated September 18, 2012, to Secretary Ken Salazar regarding the possible assignment of ownership of leases from Nexen to the China National Offshore Oil Corporation (CNOOC). Secretary Salazar has asked me to respond.

In order to hold Federal leases on the Outer Continental Shelf (OCS), a corporation must be organized under the laws of the United States, the States, the District of Columbia, or United States territories. In order to acquire an OCS lease, a foreign company must have a subsidiary in the United States and that subsidiary must be deemed qualified by the Bureau of Ocean Energy Management to hold OCS lease interests.

Nexen Inc. is a Canadian company and the leases you reference are held by a United States subsidiary headquartered in Texas (Nexen Petroleum Offshore U.S.A. Inc.). It is my understanding that CNOOC is proposing to acquire Nexen Inc., the Canadian parent corporation. It is not yet apparent whether the OCS leases discussed in your letter will be transferred or assigned from the United States subsidiary entity that is the qualified lessee. Accordingly, it remains to be seen whether the proposed transaction will give rise to transfer or assignment of the relevant leases in a manner subject to clearance or approval by the Department of the Interior.

Thank you for your continued interest and support of the offshore oil and gas leasing program.

Sincerely,

Tommy P. Beaudreau
Principal Deputy Assistant Secretary
Land and Minerals Management