

The Future of the OCS Gulf of Mexico

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NOIA Fall Meeting*

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MMS

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Themes

- Overall activity in the Gulf remains relatively good but more drilling is needed.
- The future of the Gulf remains very strong and exciting.

Recent Sales in the Gulf

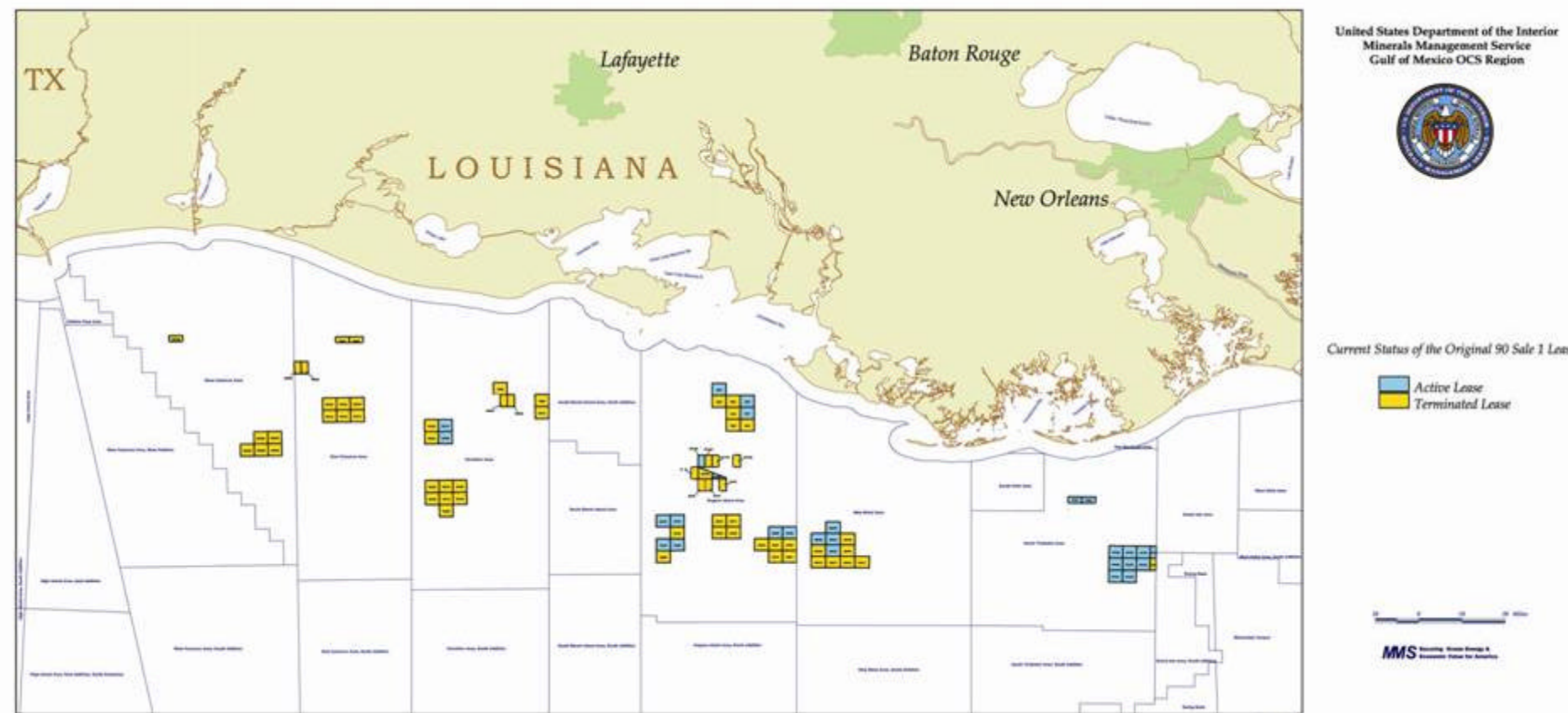
2003

Sale 185 Central	545 tracts	Leased	\$297.5 million	bonus		
Sale 187 Western	330	" "	\$145.9	" "		
Sale 189 Eastern	14	" "	\$ 8.3	" "		

2004

Sale 190 Central	542 tracts	leased	\$364.0 million	bonus		
Sale 192 Western	351 tracts	bid on	\$171.4 million	bonus received		

First OCS Lease Sale - 1954



Gulf Rigs-to-Reefs Dedications

2000	17
2001	8
2002	15
2003	21

Distribution of 8(g) Funds in Gulf

FY 2002

Alabama	\$ 7.7 million
Louisiana	11.8 million
Mississippi	0.3 million
Texas	7.2 million
Florida	Neg.

FY 2003

Alabama	\$ 7.7 million
Louisiana	29.5 million
Mississippi	0.4 million
Texas	14.9 million

Damage from Hurricane Ivan

- 7 platforms destroyed
- 6 platforms with major damage
- Pipeline damage was extensive
- Shut-in production dropped from 83 percent (on 9/16) to 27 percent oil and 13.8 percent gas on October 15.
- Nakika is to return Nov. 1.

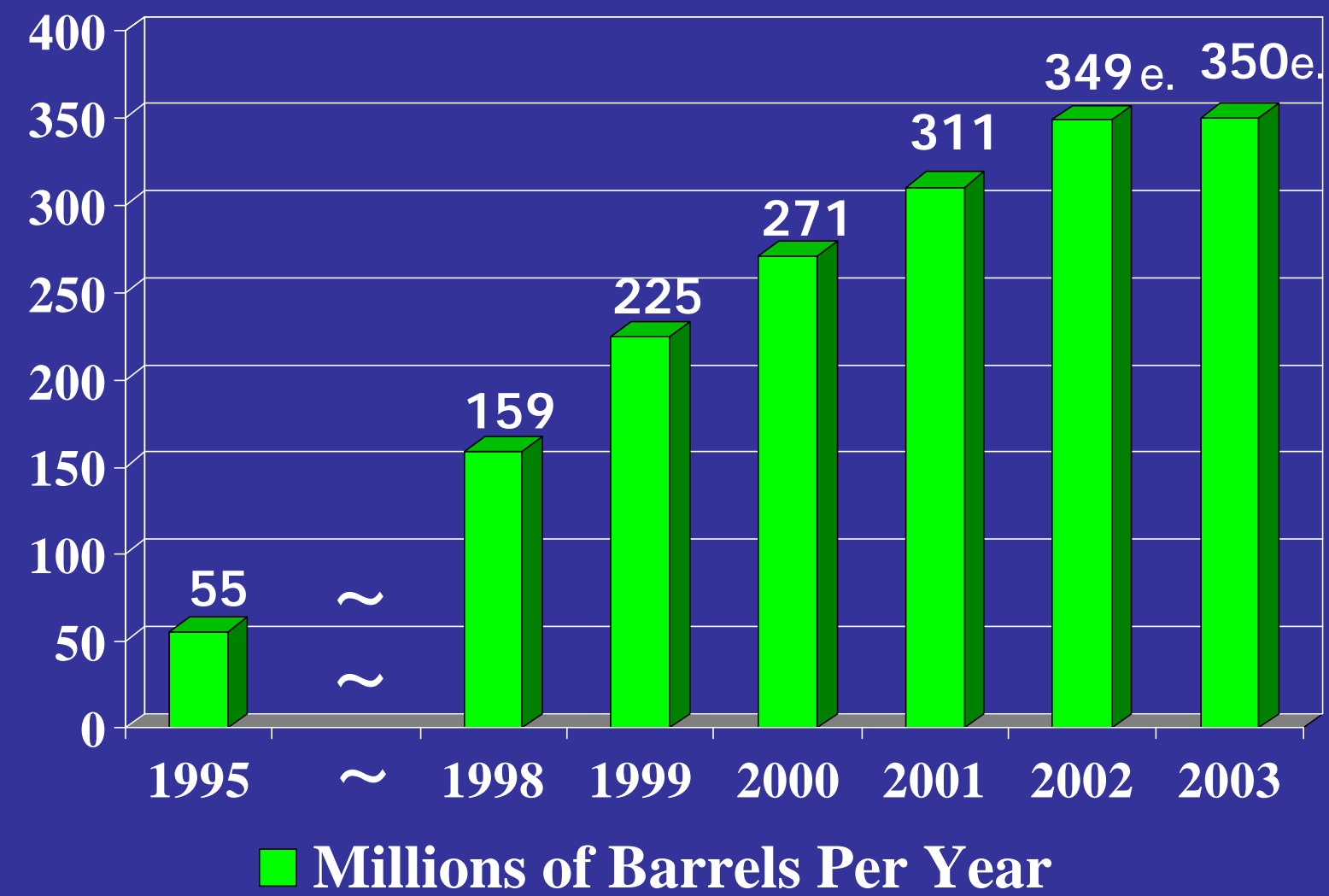
The Future of the Gulf

- Deepwater
- Ultra-Deepwater
- Deep shelf gas
- Working the mature shelf

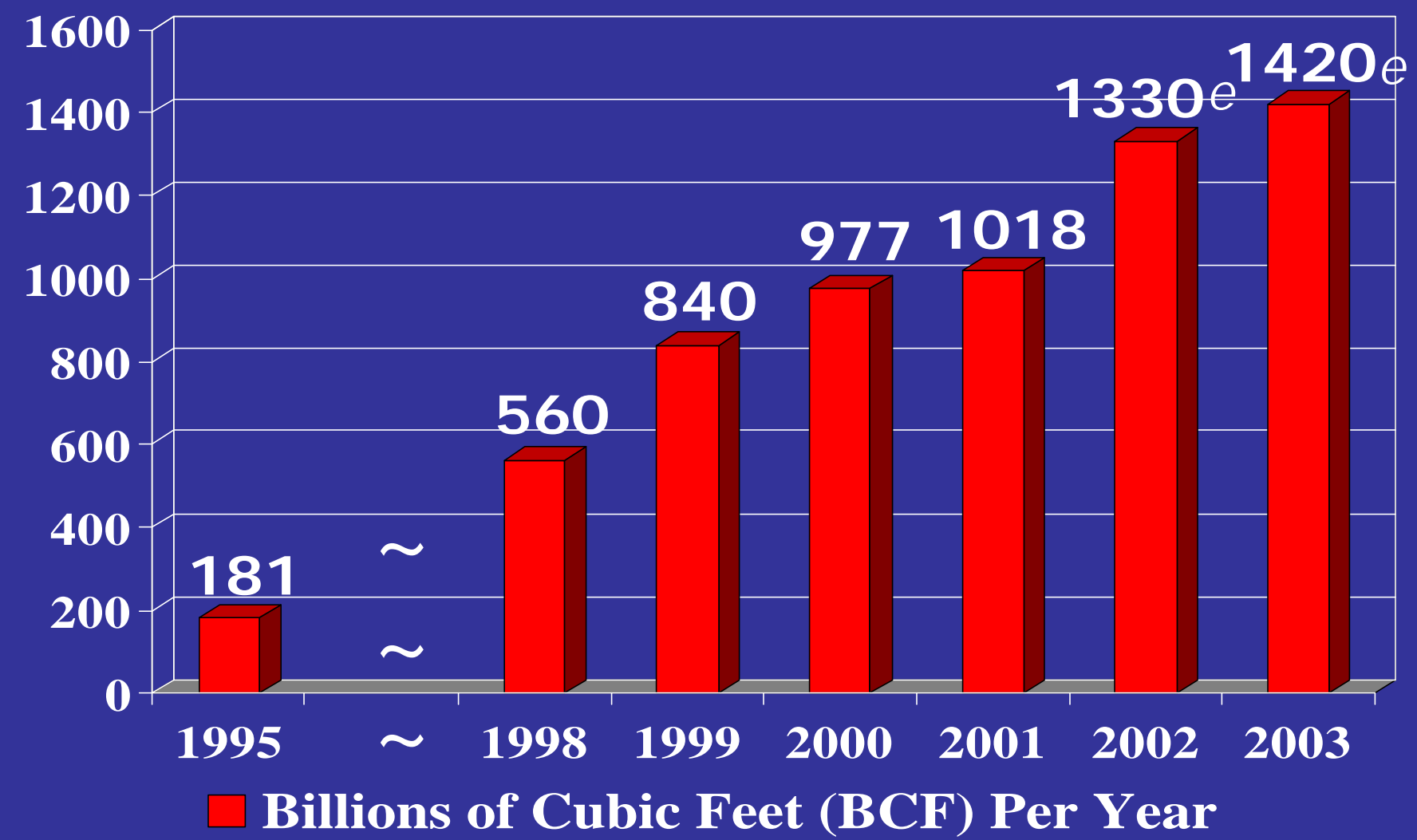
Gulf Deepwater Discoveries - 2004

Prospect	Operator	Area / Block	Water Depth'
Tobago	Unocal	AC 859	9,627'
Atlas	Anadarko Petroleum	LL 005	8,810'
San Jacinto	Dominion Exploration	DC 618/619	7,850'
Jack	ChevronTexaco	WR 759	6,965'
Thunder Hawk	Dominion Exploration	MC 734	5,724'
Goldfinger	Dominion Exploration	MC 771	5,423'
Conquest	Kerr-McGee	GC 767	5,268'
Ticonderoga	Kerr-McGee	GC 768	5,250'
Puma	BP Exp. & Prod. Inc.	GC 823	4,130'
Dawson Deep	Kerr-McGee	GB 625	2,900'

Gulf of Mexico Deepwater Oil Production



Gulf of Mexico Deepwater Gas Production



Eastern Gulf

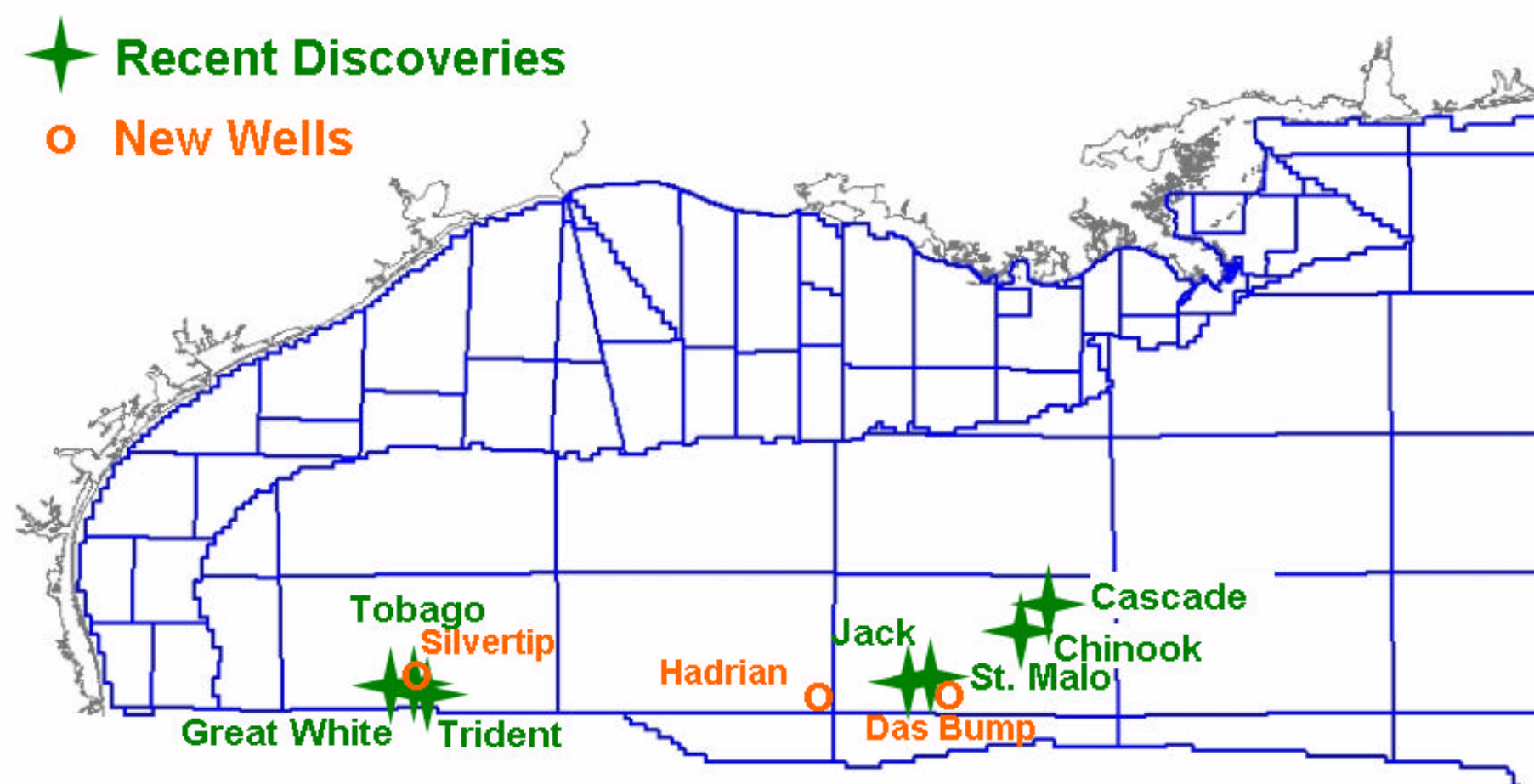
- Sale 181 in 2001 was the first sale in 14 years -- very deepwater.
- Sale 181 offered 1.47 million acres or approximately 2 percent of the Eastern Planning Area.
- Ten exploration wells have been started in the Sale 181 area – 4 discoveries.

2003-04 Exploration in Eastern Gulf of Mexico



RECENT ULTRA-DEEPWATER ACTIVITY

Paleogene (aka Eocene / Wilcox) Play



Research with OTRC

- OTRC – Offshore Technology Resource Center at University Texas and Texas A & M University
- MMS Contracts with OTRC to conduct joint projects of applied research to improve the recovery of deepwater oil and gas
- Funding
 - FY 2003 \$1.4 million
 - FY 2004 \$0.9 million

Research done by MMS through OTRC

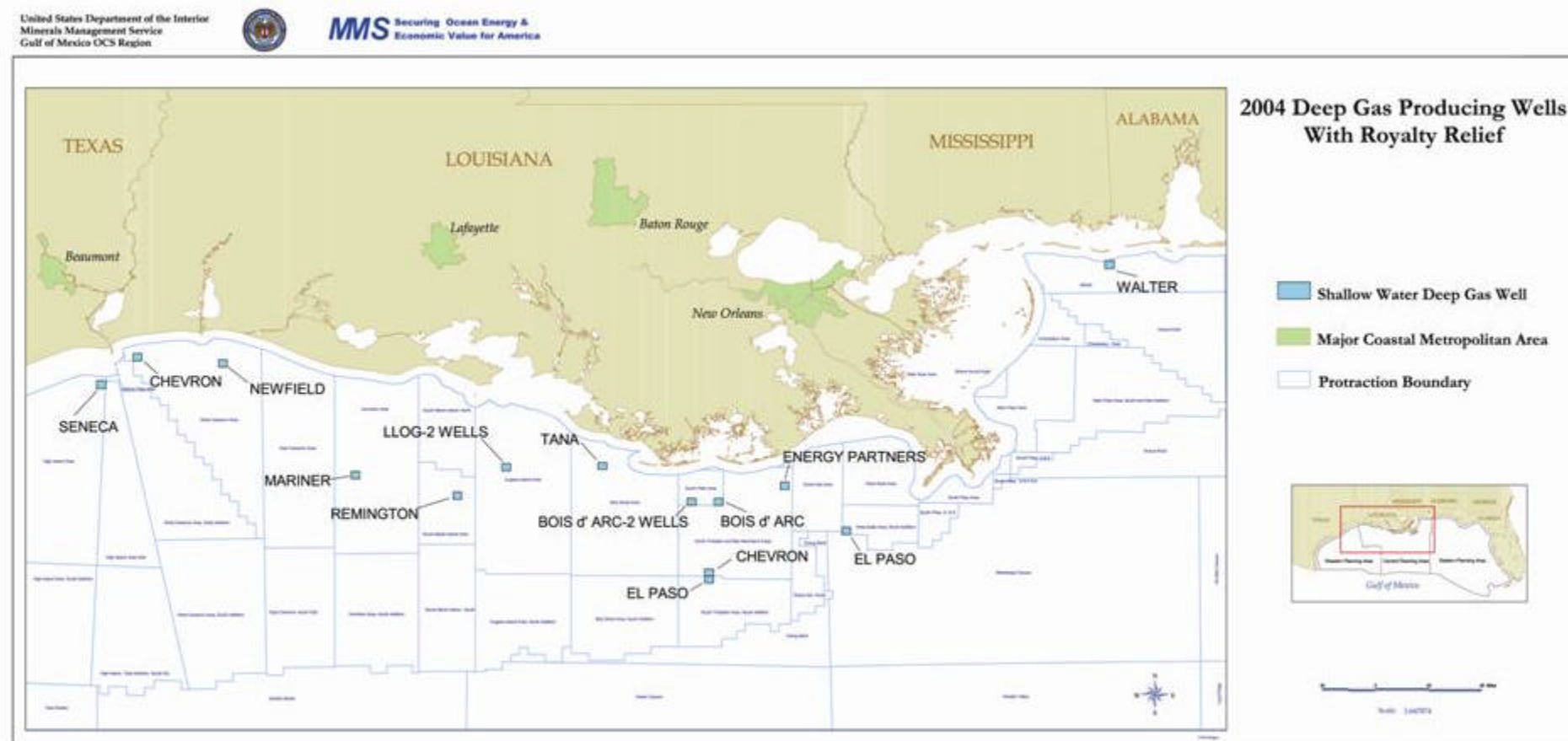
- Polyester Mooring Line Damage Model
- Foundation & Mooring System Risk
- Gas Handling Options for DW Development
- Deep Sea Furrows JIP
- Spar Vortex-Induced Motion Workshop

Deep Gas Wells Drilled

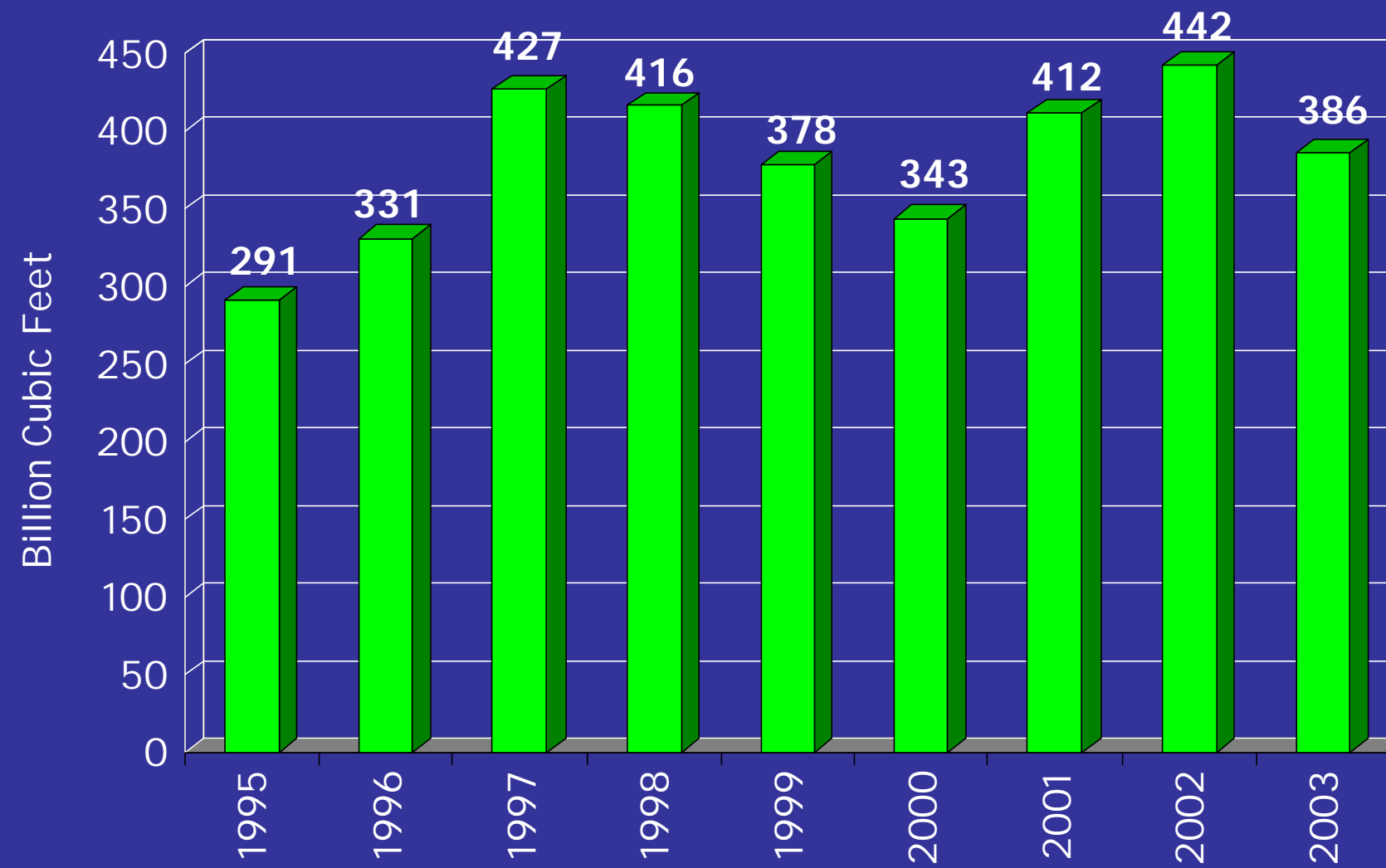
<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
51	49	72	78	64	84

*Revised data 10/15/04
Subject to further revision*

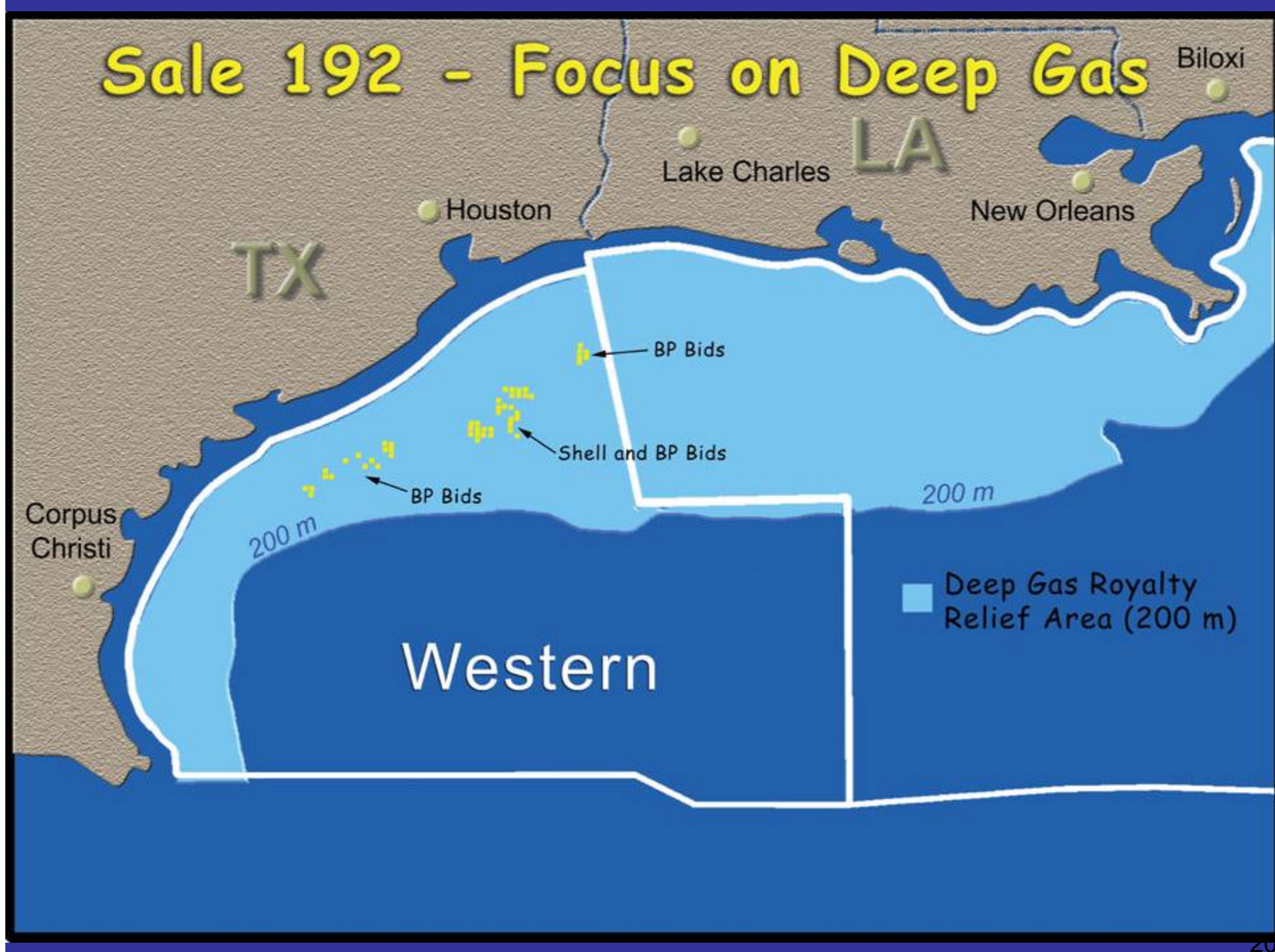
New Deep Shelf Gas Production



Gulf of Mexico Deep Shelf Gas Production 1994 - 2003



Source: MMS October 8, 2004
Preliminary data
Includes all Federal OCS - associated and non-associated gas. (WD<600ft.)

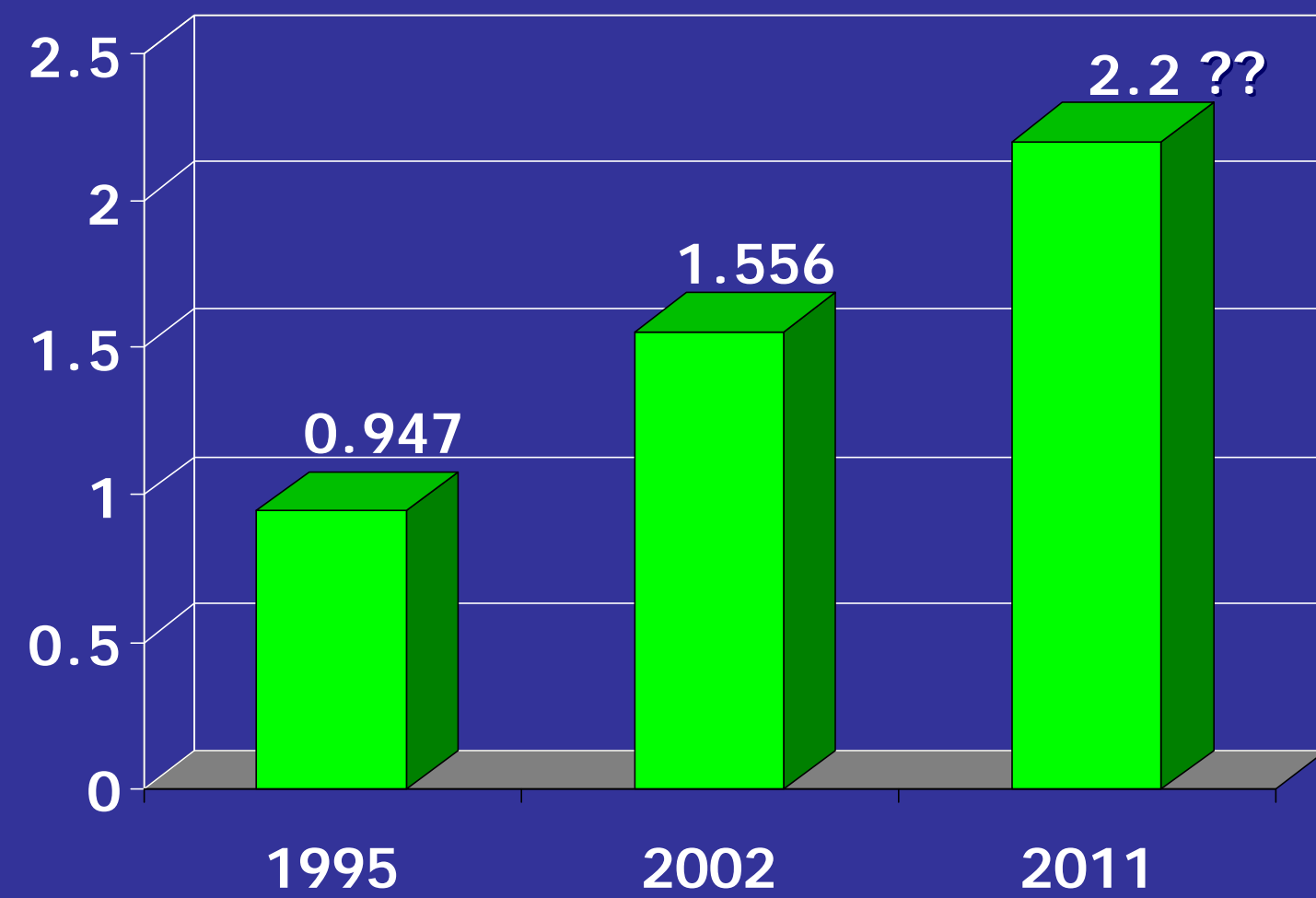


Working the Mature Shelf

- Need to not forget the shallow area of the Shelf.
- Still has a great deal of potential – even if smaller targets.
- In Central Gulf Sale 190 – many bids made by smaller companies. Magnum Hunter (86), Noble Energy (26), Remington (41).

Where is the Gulf Going?

Total Oil Production



Millions of Barrels of Oil Per Day