



MMS *Gulf of Mexico*

MMS Update

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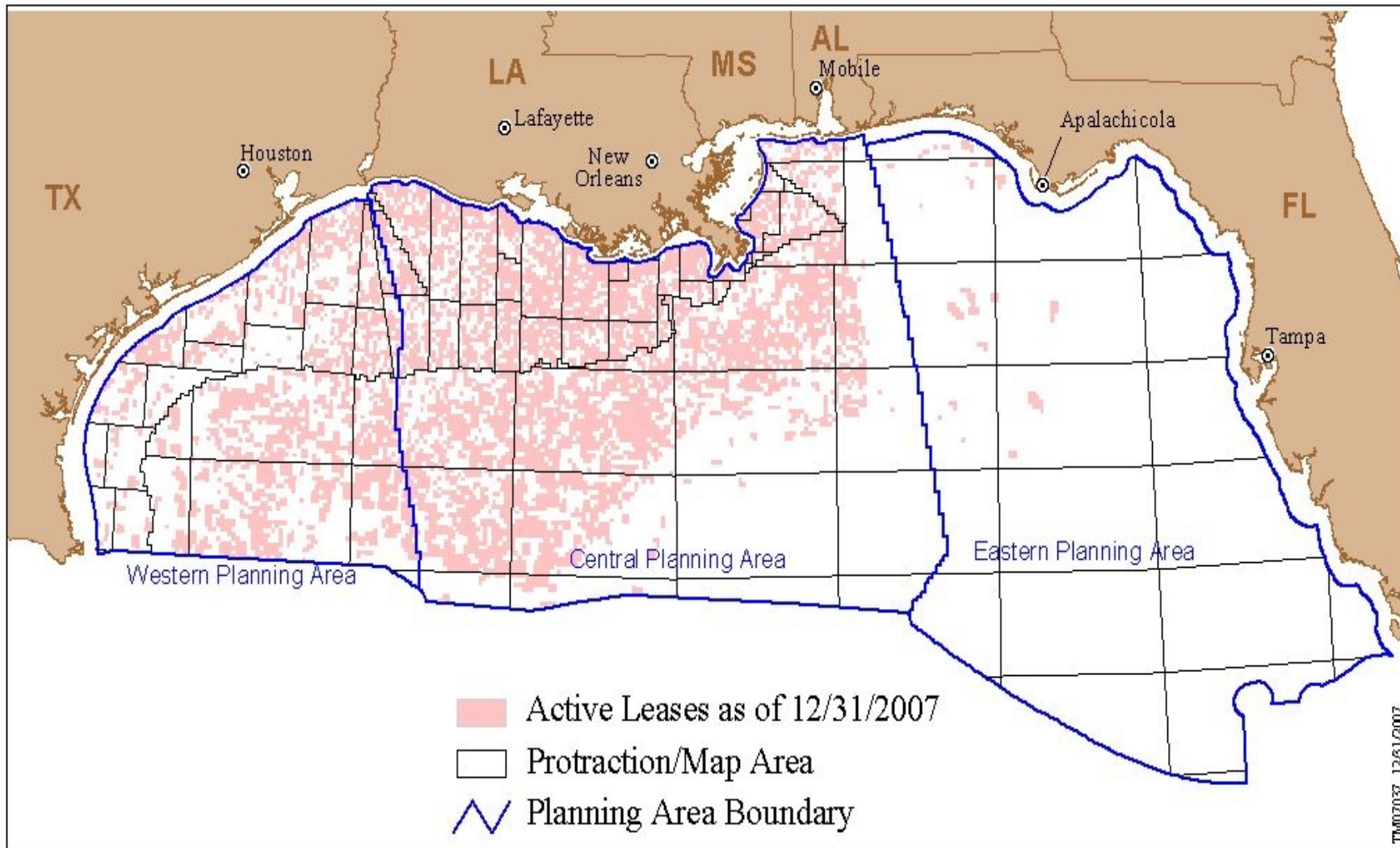
Topics

- Current Activities Overview
 - Status of GOM OCS
 - Energy Policy Act of 2005
 - GOM Energy Security Act of 2006
- 5-Year Leasing Program for 2007-2012

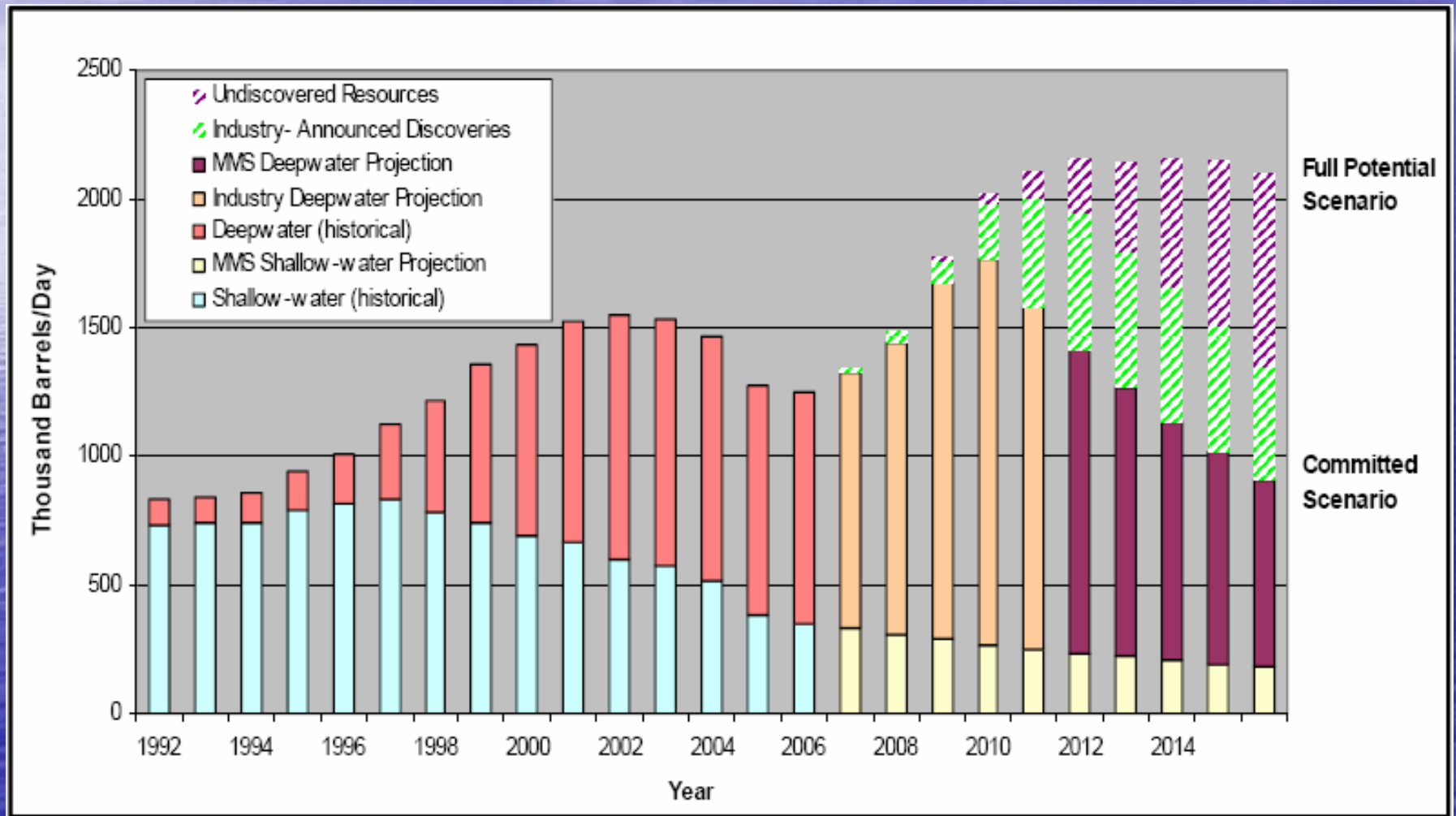


Current Activities Overview

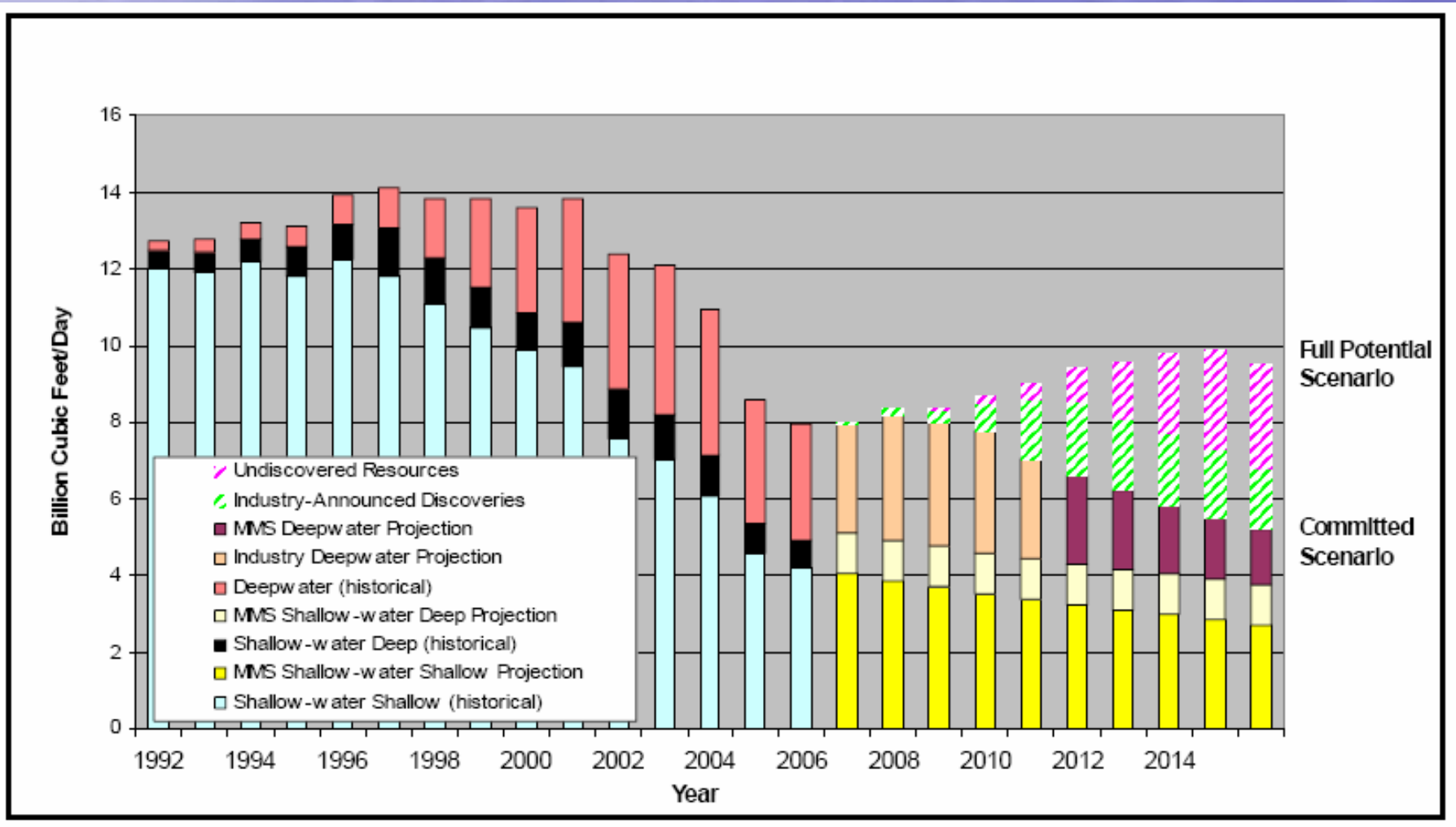
CURRENT ACTIVE LEASES



Gulf of Mexico Oil Production Forecast



Gulf of Mexico Gas Production Forecast



Gulf Deepwater Development Continues to Expand

- 13th year of major expansion
- 113 projects in production at start of 2008
- 6 new production projects in 2007
- 4 large projects to start production in 2008

2007-2008 Major Production Starts



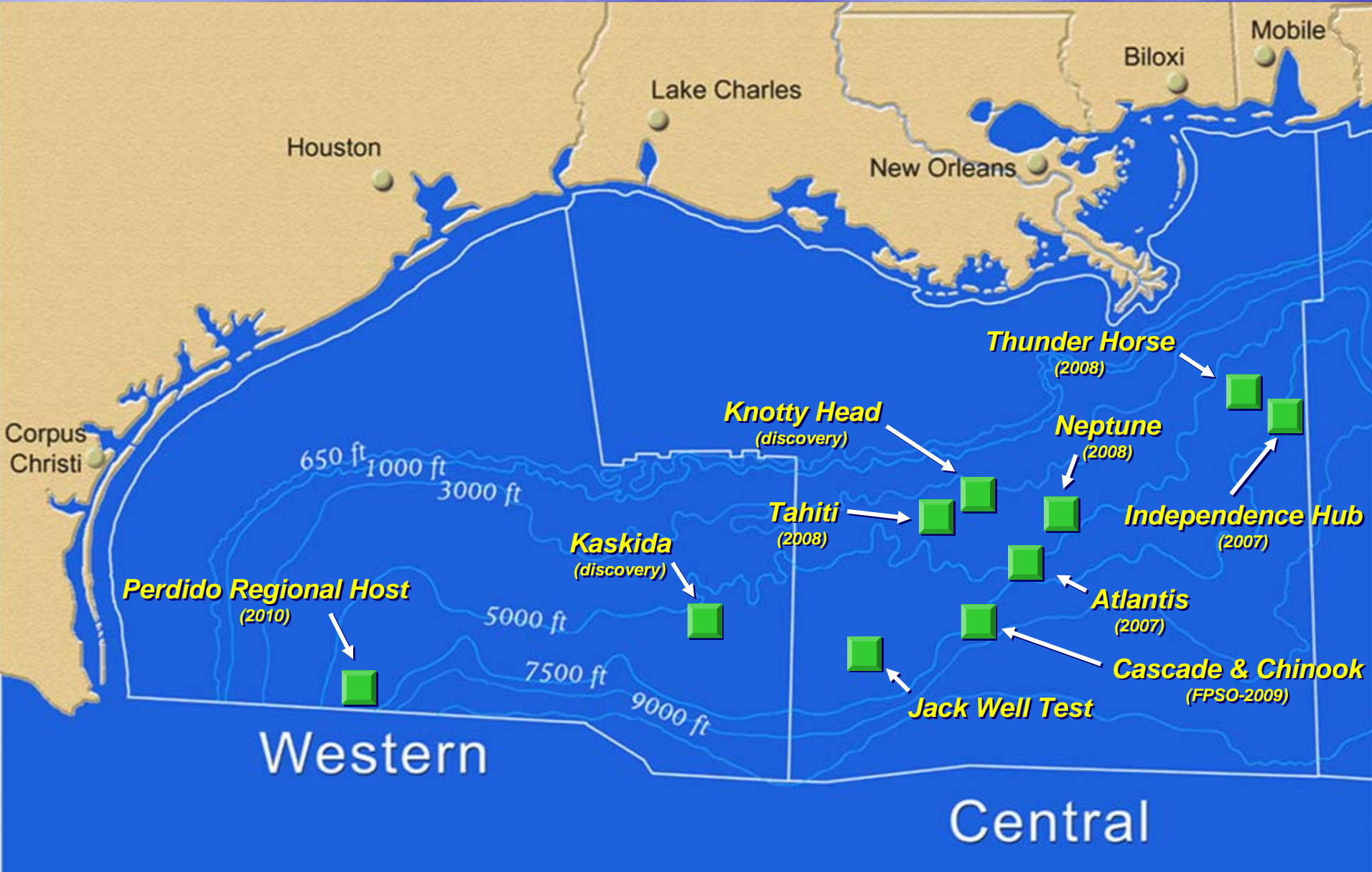
New Major Production in 2007

Project	Operator	Estimated Oil (BOPD)	Estimated Gas (MMCFPD)
Independence Hub (MC 920)	Anadarko		1000
Atlantis (GC 787)	BP	200,000	180
Total		200,000	1180

New Major Production in 2008-10

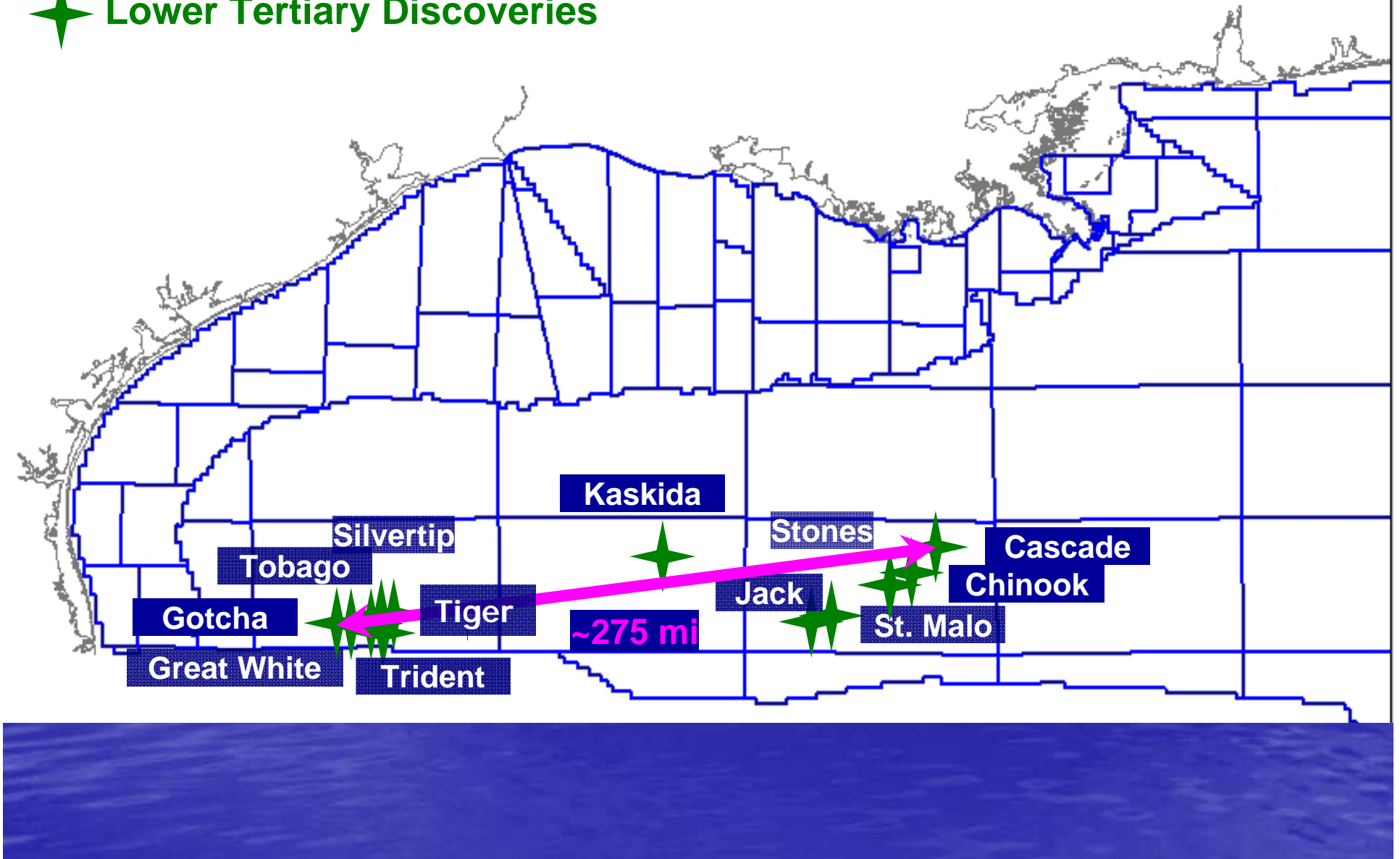
Project (year)	Operator	Estimated Oil (BOPD)	Estimated Gas (MMCFPD)
Neptune (08)	BHP	50,000	50
Thunder Horse (08)	BP	250,000	200
Tahiti (08)	Chevron	200,000	180
Blind Faith (08)	BP	40,000	35
Cascade/ Chinook (09)	Petrobras	80,000	16
Shenzi (09)	BHP	100,000	50
Perdido Host (10)	Shell	100,000	200
Total		820,000	731

Recent Highlights

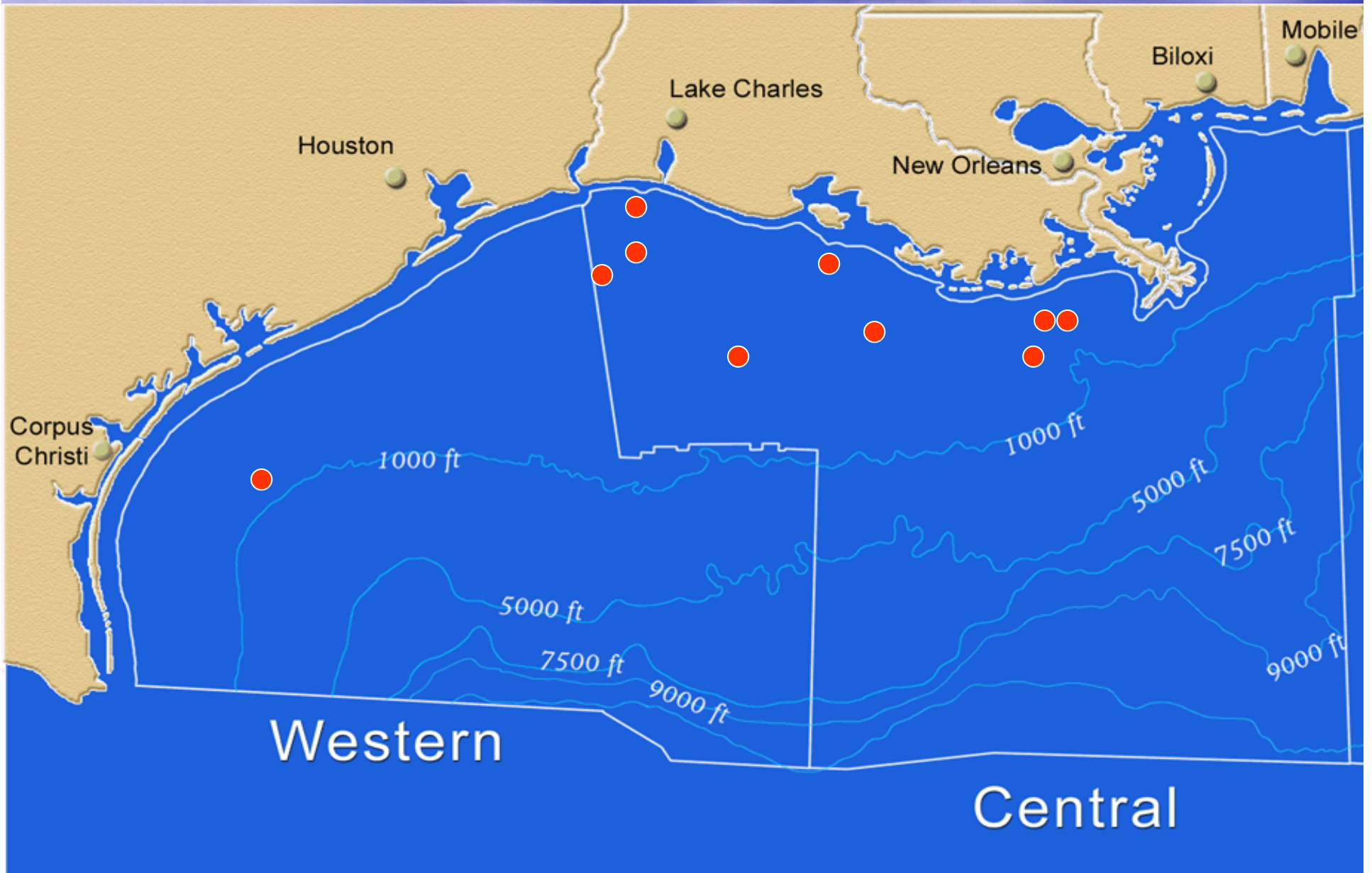


Gulf of Mexico – Lower Tertiary Play

✦ Lower Tertiary Discoveries



Deep Shelf Discoveries



Energy Policy Act - 2005

- Key components for MMS:
 - Alternative Energy and Alternative Use (AEAU)
 - Coastal Impact Assistance Program (CIAP)

Alternative Energy



- Issued a Programmatic Environmental Impact Assessment
- In the process of establishing program regulations
- Currently reviewing two wind projects

Alternative Energy

- Leasing
 - Technology Test/ Resource Assessment Lease
 - Commercial Lease
- Developing proposed rules
- Solicited comments on proposed lease form (comments received and being evaluated)
- Solicited area nominations
- GOMR will support leasing and permitting activities related to AE in the GOM and Atlantic OCS

Anticipated Potential Projects

Region	Technology
North Atlantic	Wind
Mid Atlantic	Wind
South Atlantic	Wind
Straits of Florida	Wave
Straits of Florida	Ocean Current
Gulf of Mexico	Wind
Pacific Northwest	Wave
Southern California	Wind

Coastal Impact Assistance Program

- Requires disbursement of \$250 Million for each year from 2007 through 2010
- Allocations for 2007 were announced on April 16, 2007 as follows:

	% Allocation	Total	State	CPS
Alabama	10.54%	\$ 25,551,607.04	\$16,608,544.58	\$ 8,943,062.46
Alaska	1.00%	\$ 2,425,000.00	\$ 1,576,250.00	\$ 848,750.00
California	3.07%	\$ 7,444,441.75	\$ 4,838,887.13	\$ 2,605,554.61
Louisiana	52.60%	\$127,547,898.57	\$82,906,134.07	\$44,641,764.50
Mississippi	12.76%	\$ 30,939,850.55	\$20,110,902.86	\$10,828,947.69
Texas	20.04%	\$ 48,591,202.09	\$31,584,281.36	\$17,006,920.73

GOM Energy Security Act of 2006

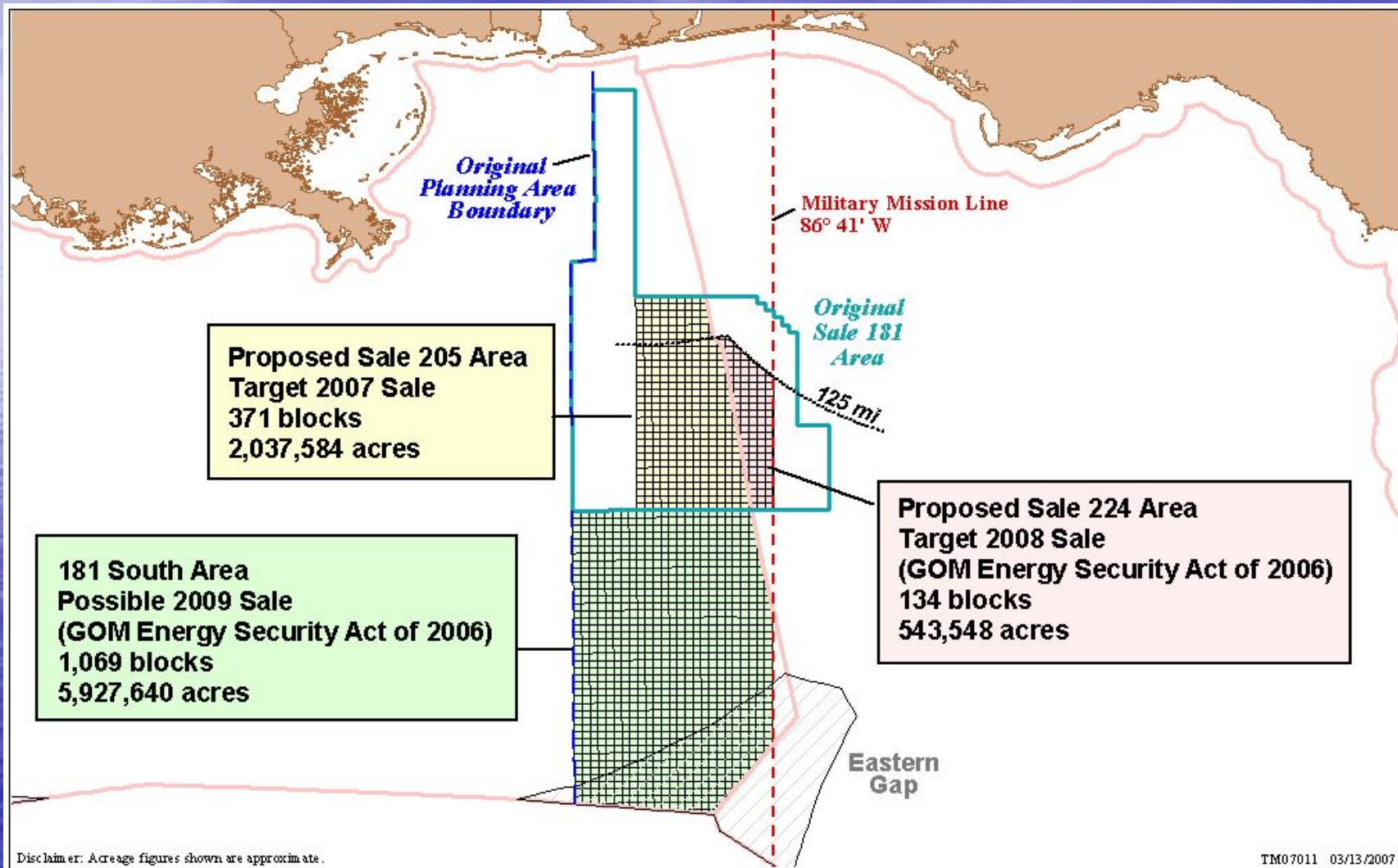
- Key components for MMS:
 - Recognizes new Planning Area boundaries
 - Added acreage to Central Sale 205
 - Mandates Eastern sale in 2008
 - Eliminates Presidential withdrawal from area south of 181
 - Institutes new moratoria until 2022
 - Implements revenue sharing to coastal states
 - Institutes bonus and royalty credits in exchange for existing Eastern GOM leases

GOMESA

Leasing Moratorium in Gulf (June 30, 2022)

- All acreage East of the Military Mission Line in the Gulf of Mexico (north-south line at 86 degrees 41 minutes west longitude)
- In Eastern Planning Area
 - Acreage within 125 miles of Florida coast
- In Central Planning area
 - Acreage in Pensacola, Destin Dome, and Desoto Canyon within 100 miles of Florida coast

GOMESA Areas



Revenue Sharing

- For 181 Area within Eastern Planning Area Sale 224 and "South of 181," Area the revenue sharing begins immediately
- For leases, in areas historically offered, entered into on or after the date of Act - the revenue sharing begins in fiscal year 2017

Basic Revenue Sharing Formula

- 50% to General Fund in Treasury
- 37.5% will go to Gulf producing States
- 12.5% will go to Land and Water Conservation Fund
- Distribution to Gulf States will be inversely proportional to the distance between points on Gulf States and geographical center of leased tract
- Revenue Sharing is capped at \$500 million

EGOM Bonus or Royalty Credits

- May surrender leases in exchange for bonus or royalty credit
- Credit is equal to the total of bonus bid and rent paid on leased tract
- Proposed regulations that will govern the exchanges published in Federal Register on February 1, 2008 – comments due April 1, 2008.



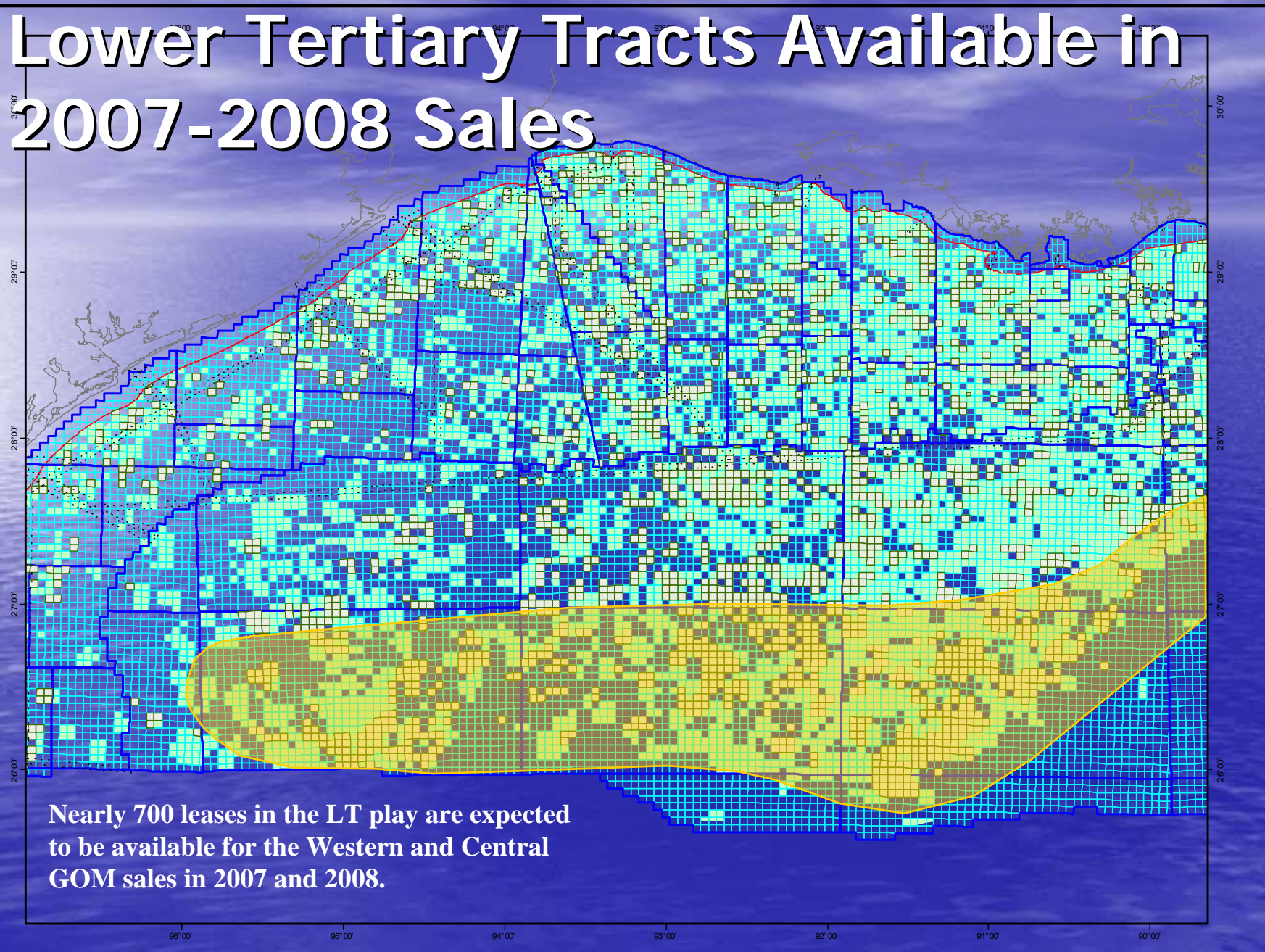
5-Year Leasing Program

2007 - 2012

Gulf of Mexico Sales in 2007

August 2007	Sale 204	Western Gulf
October 2007	Sale 205	Central Gulf

Lower Tertiary Tracts Available in 2007-2008 Sales



Nearly 700 leases in the LT play are expected to be available for the Western and Central GOM sales in 2007 and 2008.

Anticipated Lease Expirations

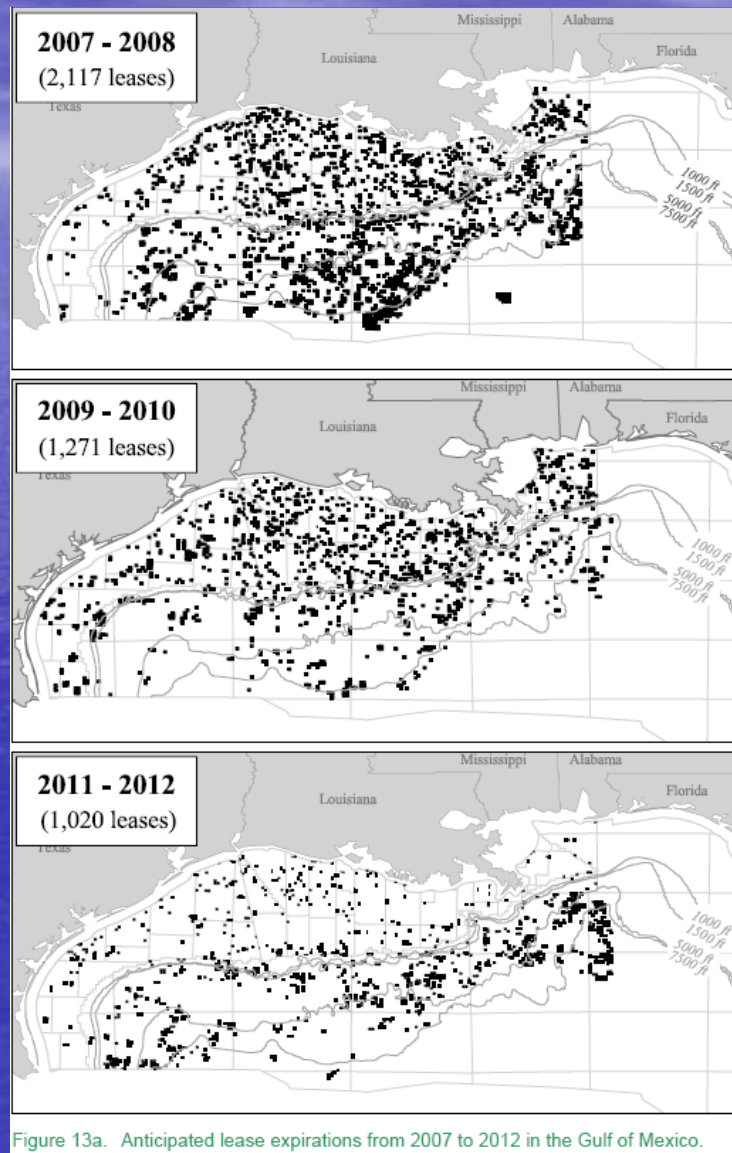


Figure 13a. Anticipated lease expirations from 2007 to 2012 in the Gulf of Mexico.

Sale 204 Results

Total Tracts Receiving Bid	282
Total Number of Bids Received	358
Total Companies Participating in Bids	47
Sum of High Bids	\$289,953,066
Sum of All Bids	\$369,496,840

Sale 205 Results

Total Tracts Receiving Bid	723
Total Number of Bids Received	1,428
Total Companies Participating in Bids	84
Sum of High Bids	\$2,904,321,011
Sum of All Bids	\$5,245,583,944

Remaining Sales Under Current 5-Year Program

Sale Location and Number	Scheduled Sale Year
Central GOM Sale 206	2008 (March)
Eastern GOM Sale 224	2008 (March)
Western GOM Sale 207	2008 (August)
Central GOM Sale 208 (1 st to offer 181 S)	2009 (March)
Western GOM Sale 210	2009
Central GOM Sale 213	2010
Western GOM Sale 215	2010
Central GOM Sale 216	2011
Western GOM Sale 218	2011
Mid-Atlantic Sale 220*	2011
Central GOM Sale 222	2012

*dependent on removal of Presidential withdrawal and Congressional Moratorium discontinued

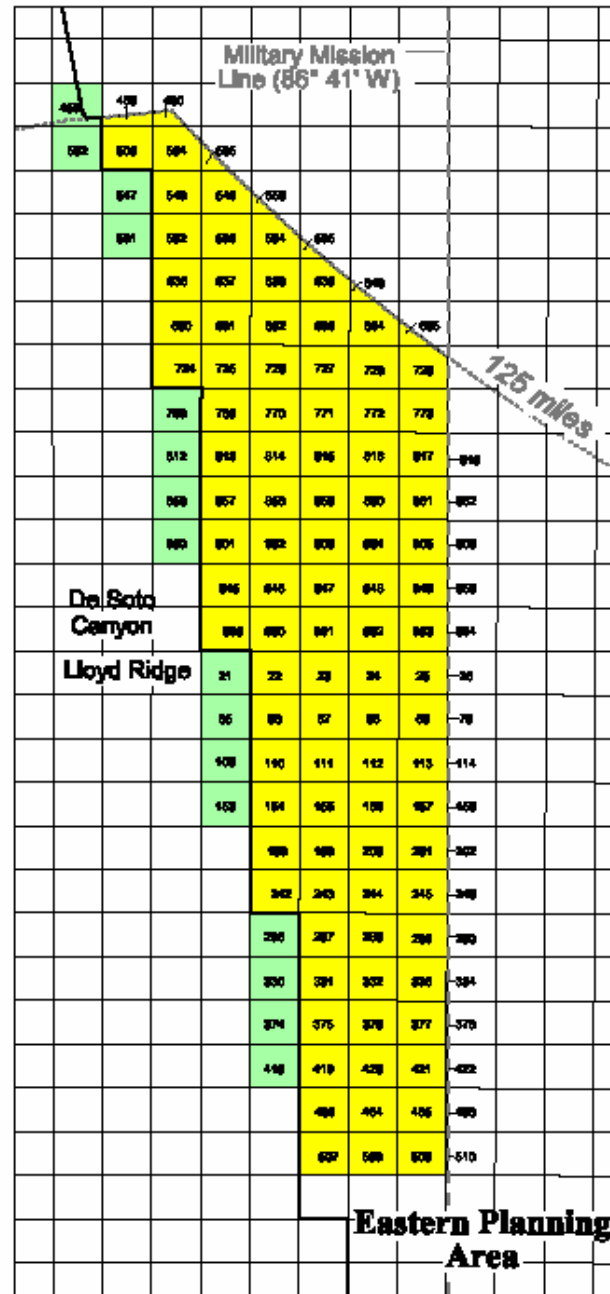
Central Planning Area Sale 206

- Includes 850 blocks that are newly available since last CPA sale.
- Sale is planned for March 19, 2008 at LA Superdome.
- Total of ~ 5000 blocks offered
- Royalty Relief with threshold of \$35.75 per barrel and \$4.47 per MCF
- Royalty Rate = 18.75%

Eastern Planning Area Sale 224

- Sale is mandated by the Gulf of Mexico Energy Security Act of 2006 (GOMESA).
- EGOM Sale 224 will be held in conjunction with Sale 206 on March 19, 2008 in LA Superdome.
- Only sale for this area in this 5-year program
- 118 whole or partial blocks
- Excluded from Deepwater Royalty Relief
- Royalty Rate = 18.75%

Revised Sale Area Map for Eastern GOM Lease Sale 224



■ Blocks available
 - 118 blocks
 - 547,230 acres

■ CGOM Block
 (portions were formerly in
 EGOM 224 area)

- - - Military Mission Line
 (86° 41' W)

— Planning Area Boundary

----- 125 Mile Buffer from
 Florida coast

— Protraction Area Boundary

The map has changed slightly since the Sale 224 Call/NOI map was issued, due to the decision that the boundary between the Eastern and Central Planning Areas would follow block boundaries as opposed to splitting blocks.

Unused blocks within the Sale 224 area currently number 118 blocks and cover 547,230 acres. They are located from 125 miles to 203 (net) miles offshore Florida and west of the Military Mission Line (86° 41' West longitude) in water depths of 810 meters (DC304) to 3113 (LL377) meters.



Thank You!

Questions?

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