

*MMS Update and A View for the New Year:
Recovery from Hurricanes
and New Gulf Developments*

January 19, 2006

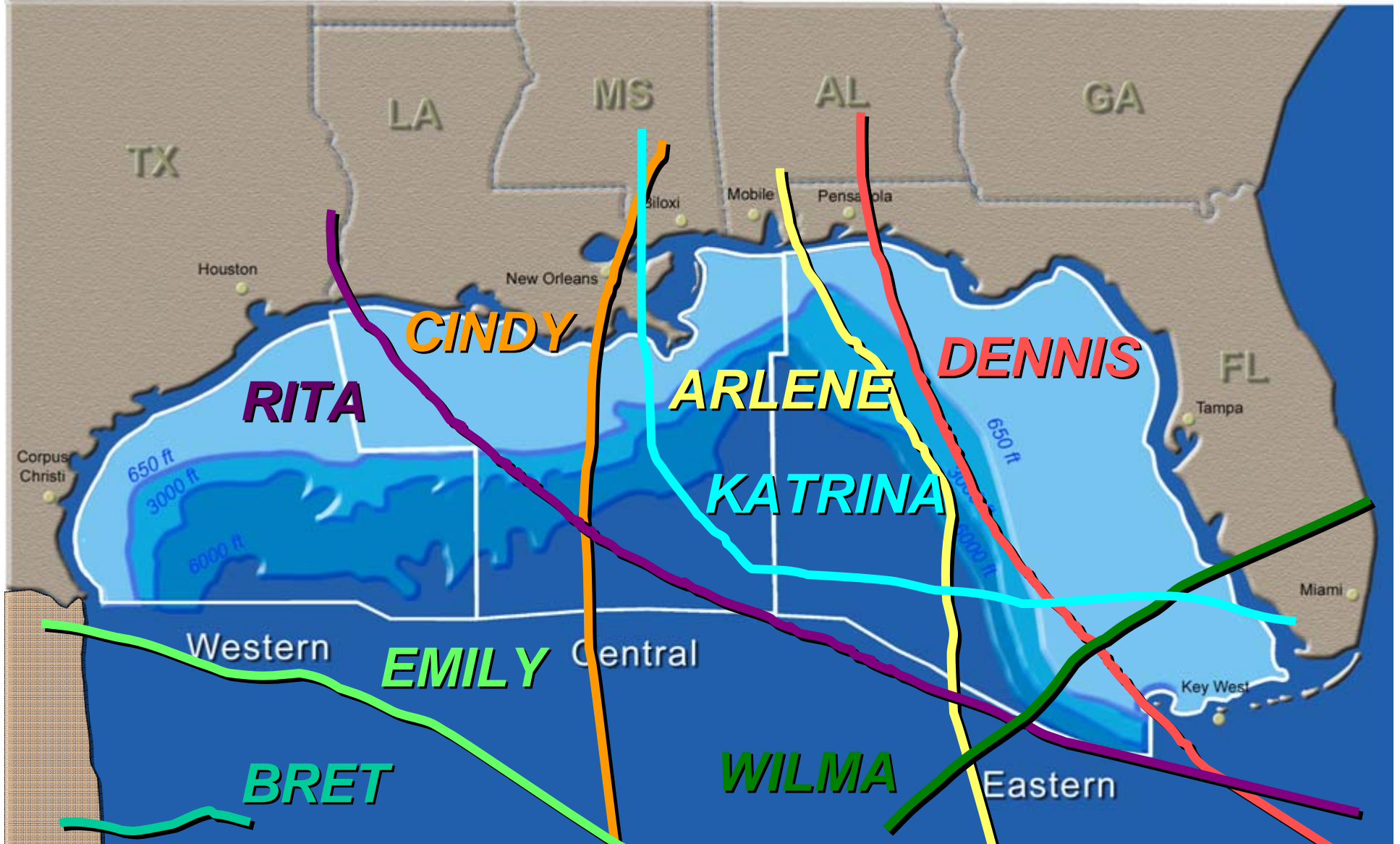
Presentation at AAPL

Chris Oynes

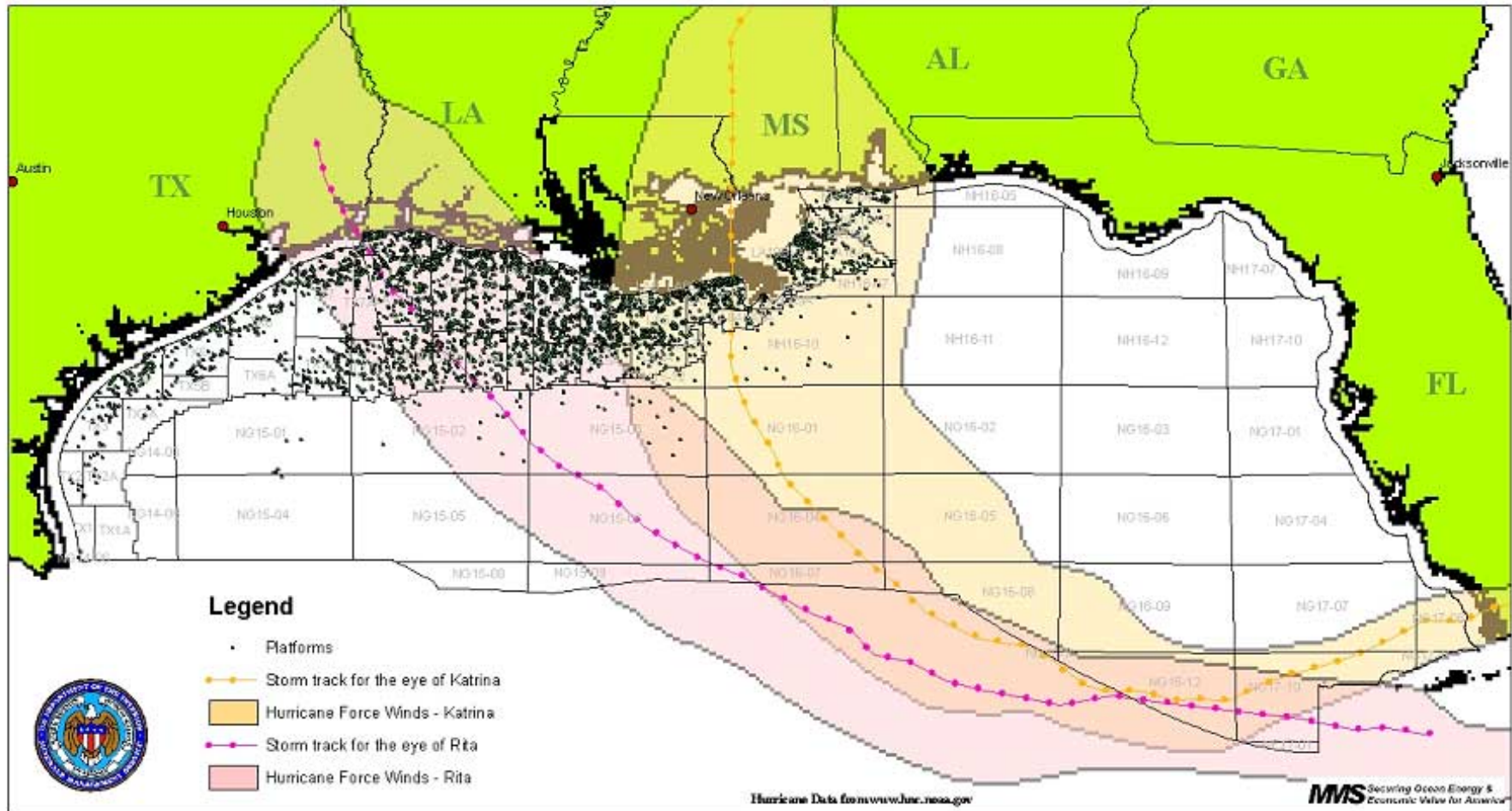
Regional Director
Gulf of Mexico OCS Region
Minerals Management Service

MMS

2005 HURRICANE SEASON



Hurricanes Rita and Katrina, August - September 2005

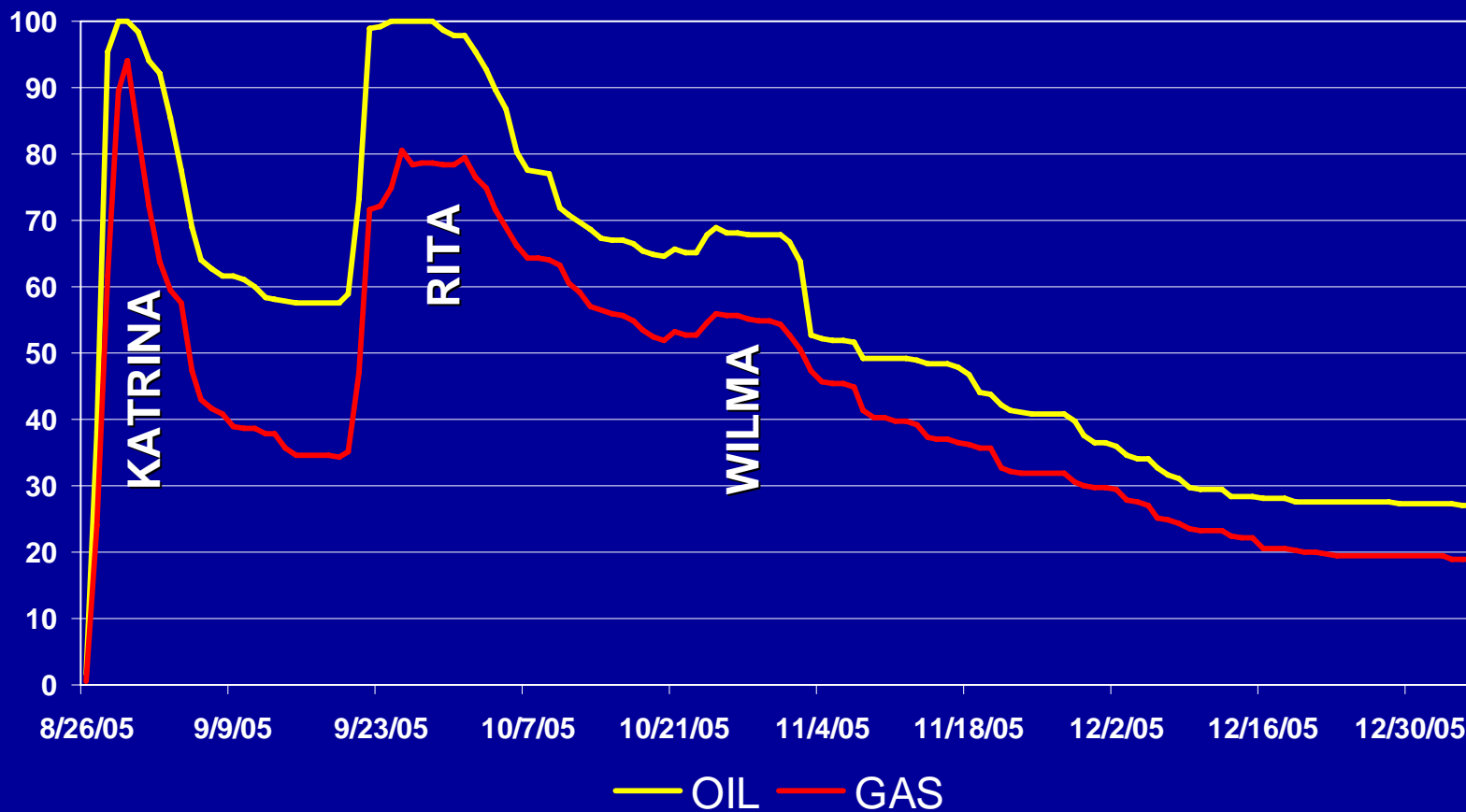




AP / LM Otero

High water covers a trailer and a shed in the port city of Lake Charles, La., after Hurricane Rita pushed ashore Saturday. Associated Press photo by LM Otero

Percentage of GOM Production Shut-in



As of January 5, 2006

GOM production has been significantly lowered due to hurricanes in 2004 and 2005

*Cumulative delayed Oil Production is
114mm bbls*

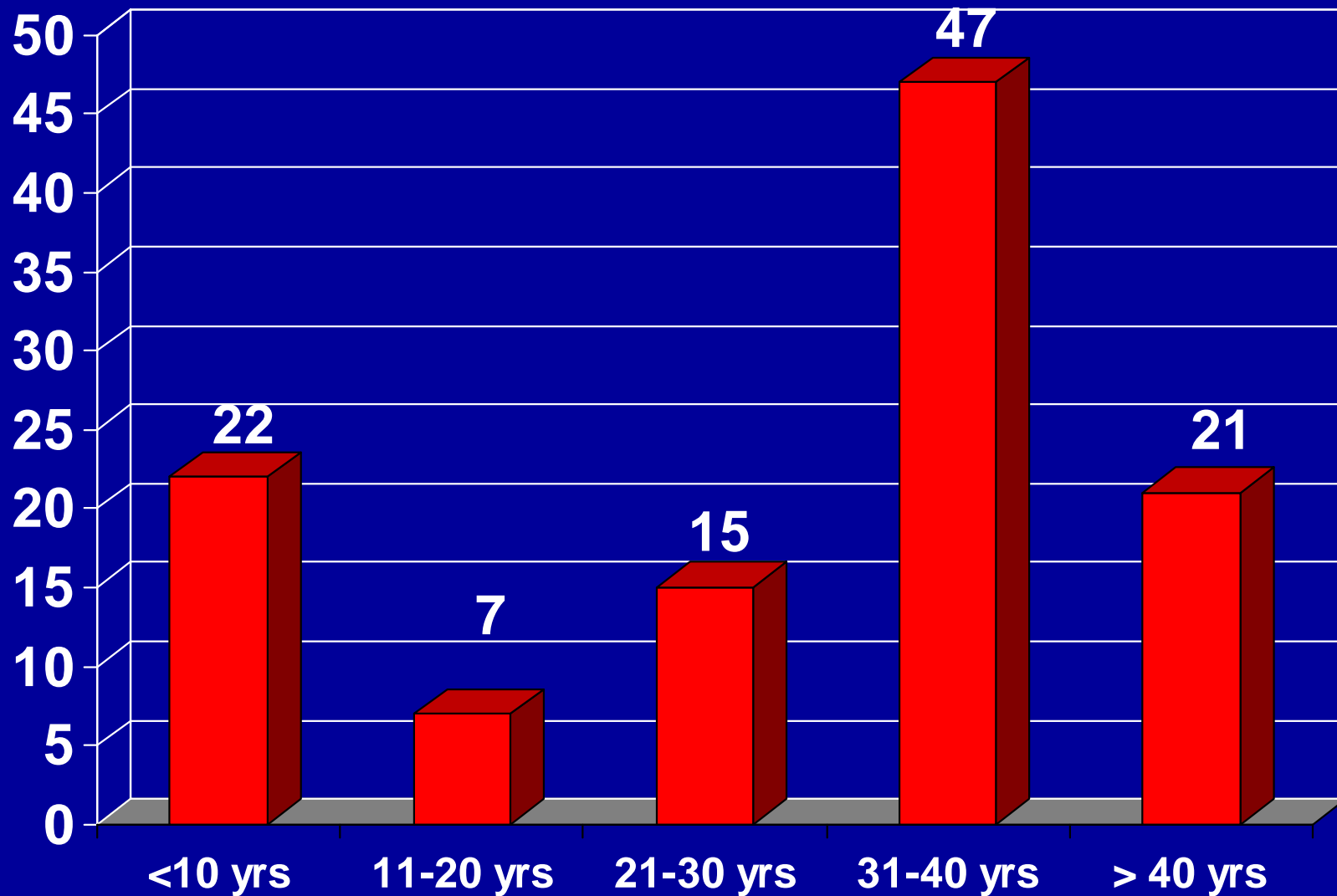
*Cumulative delayed Gas Production is
585 Bcf*

Damaged & Destroyed Platforms

	Katrina	Rita
Destroyed	47	66
Extensive Damage	20	32



Platforms by Age Destroyed by Hurricanes Katrina and Rita



Toppled Platforms BT Operating EI 294 A

➤ Before Rita



➤ After Rita



Chevron Typhoon (Grounded at EI 270)



Damage

The number and type of damage will only grow in the next 12 months as underwater surveys and assessments are completed.

Major Issues in Hurricane

- 19 MODU's were set adrift from Hurricanes Katrina and Rita
- MODU's adrift are not acceptable
- Secretary of DOI met with companies Nov. 17 to discuss changes
- Companies are evaluating/making mooring changes

MMS Proposed Research for Hurricanes Katrina & Rita Request for Papers

- Assess/evaluate pipeline movement/damage
- Assess/evaluate platform damage
- Provide hindcast data for wind, wave & currents
- Assess/evaluate performance of jack-up rigs
- Assess methods to eliminate hydrates in pipelines and risers during start-up
- Model waves and currents produced by hurricanes

New Developments in the Gulf of Mexico

Energy Bill Provisions that Will Affect Lease Sales

- 1. Added a third tier of royalty relief for deep gas drilling in 0 - 200m of water (> 20,000 ft.)**

Energy Bill Provisions

2. Added three tiers of royalty relief for deep gas drilling in 200 - 400m of water

Energy Bill Provisions

**3. Added a royalty relief level in deep water –
16 mmboe in depths greater than 2000m**

Changes In NOAA's Coastal Zone Management Regulations

71 F.R. 788 January 5, 2006

- The rule maintains the ability of coastal states to review proposed federal actions that would have a reasonably foreseeable effect on any land or water use or natural resources of a state
- NOAA did not add language requiring that agency NEPA documents be included as information necessary to start the six-month review period

Changes In NOAA's Coastal Zone Management Regulations

- The Secretary of Commerce must close the decision record within 160 days of the Notice of Appeal
- MMS's 5 year leasing plan is not required to have a consistency determination since "It does not determine which leases may actually be offered for bid
- The Ninth Circuit decision on Suspensions requiring a consistency determination is limited to those 36 leases and "in all other foreseeable instances lease suspensions would not be subject to federal consistency review"

Request for Comments

Alternate Energy Uses on the OCS

- December 30, 2005, MMS published a request for comments --ANPR
- Requests comments on the development of a new alternative energy related use program:
 - Access to OCS lands and resources
 - Environmental information
 - Operational activities
 - Payments and revenues
 - Coordination and consultation

**New developments suggest a bright future
for the Gulf**

Gulf Deep Water Discoveries - 2004

Prospect Operator Area / Block Water Depth'

Tobago	Shell Offshore	AC 859	9,627'
Silvertip	ChevronTexaco	AC 815	9,226'
Tiger	ChevronTexaco	AC 818	9,004'
Cheyenne	Anadarko Petroleum	LL 399	8,987'
Atlas NW	Anadarko Petroleum	LL 005	8,810'
Dachshund/Mondo	Anadarko Petroleum	LL 002	8,340'
San Jacinto	Dominion Exploration	DC 618/619	7,850'
Jack	ChevronTexaco	WR 759	6,965'
La Femme	Newfield Exploration	MC 427	5,800'
Thunder Hawk	Murphy Exploration	MC 734	5,724'
Goldfinger	Dominion Exploration	MC 771	5,423'
Ticonderoga	Kerr-McGee	GC 768	5,250'
Puma	BP Exp. & Prod. Inc.	GC 823	4,130'
Dawson Deep	Kerr-McGee	GB 625	2,900'
Crested Butte	Nexen Pet. U.S.A.	GC 242	2,846'

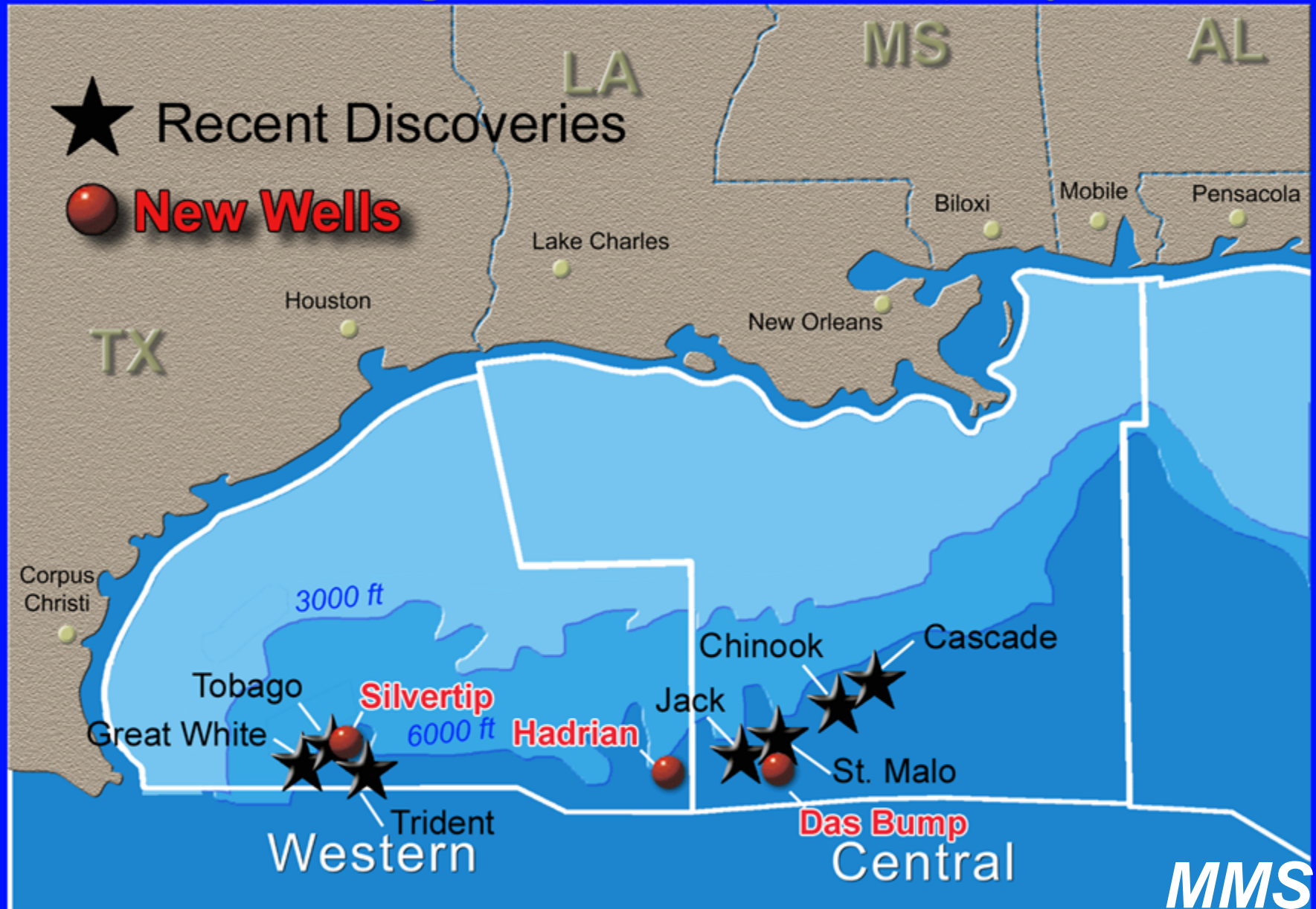
Gulf Deep Water Discoveries - 2005

Prospect Operator Area / Block Water Depth'

Stones	BP	WR 508	9576 ft.
Jubilee Ext.	Anadarko	LR 309	8774 ft.
Mondo NW Ext.	Anadarko	LR 001	8340 ft.
Q	Spinnaker	MC 961	7925 ft.
Big Foot	Chevron	WR 29	5286 ft.
Genghis Khan	Anadarko	GC 652	4300 ft.
Wrigley	Newfield	MC 506	3700 ft.
Knotty Head	Chevron/Unocal	GC 512	3557 ft.
Clipper	Pioneer	GC 299	3452 ft.
Anduin	Nexen	MC 755	2400 ft.

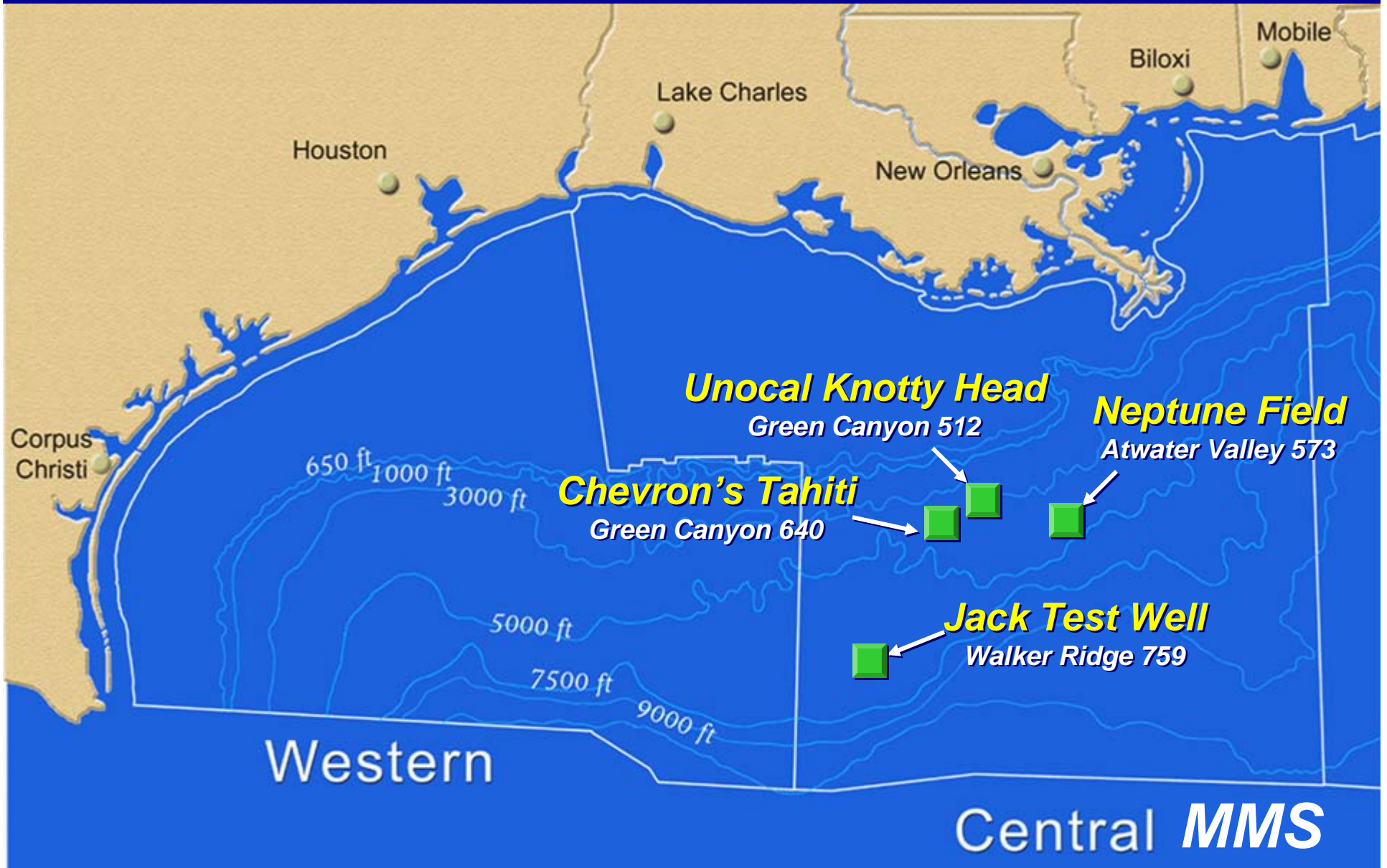
Recent Ultra-Deep Water Activity

Paleogene (aka Eocene/Wilcox) Play



MMS

Major New Activity



Seismic Noise Remains as an Issue

MMS Sperm Whale Seismic Study – Part II (SWSS II)

- **Awarded in 2005**
- **Understand sperm whales movements, and feeding and breeding behavior**
- **Characterize industry/ambient noise**
- **Determine acoustic effects on sperm whales**

Offshore Windmills

