

Gulf of Mexico Update
and
Deepwater Development
Offshore Technology Conference

May 2, 2001

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Minerals Management Service

Preview

- **Activity levels**
- **Sale 181**
- **Deepwater development**
- **Shallow water trends**

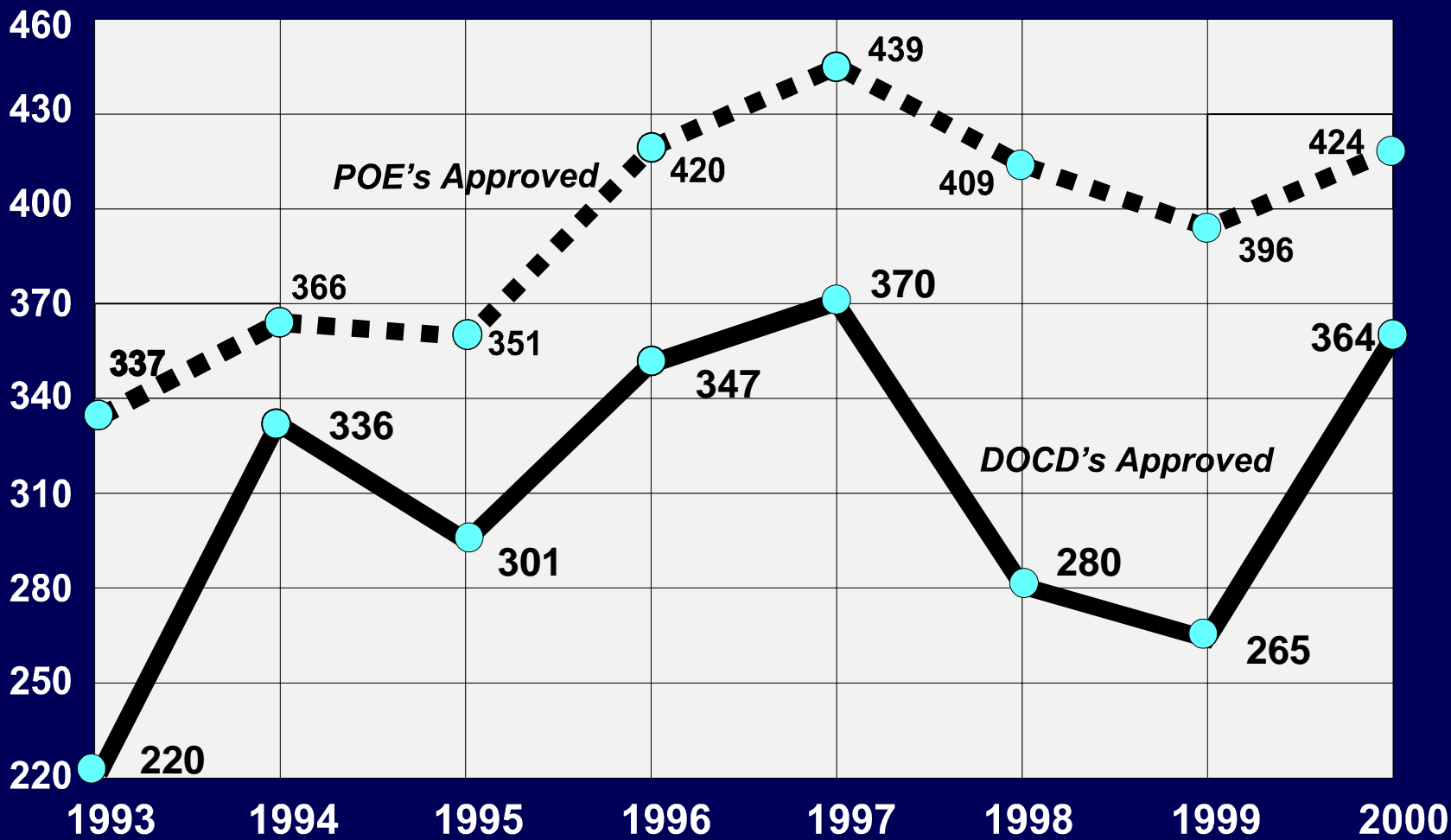
Gulf of Mexico OCS Activity

- Producing: 2,946 oil wells; 3,048 gas wells
- 125+ discoveries in WD > 1,000 ft
 - 11 discoveries beyond 6,000 ft WD
- 4,000 active platforms
- 29,000 miles of pipelines (total)

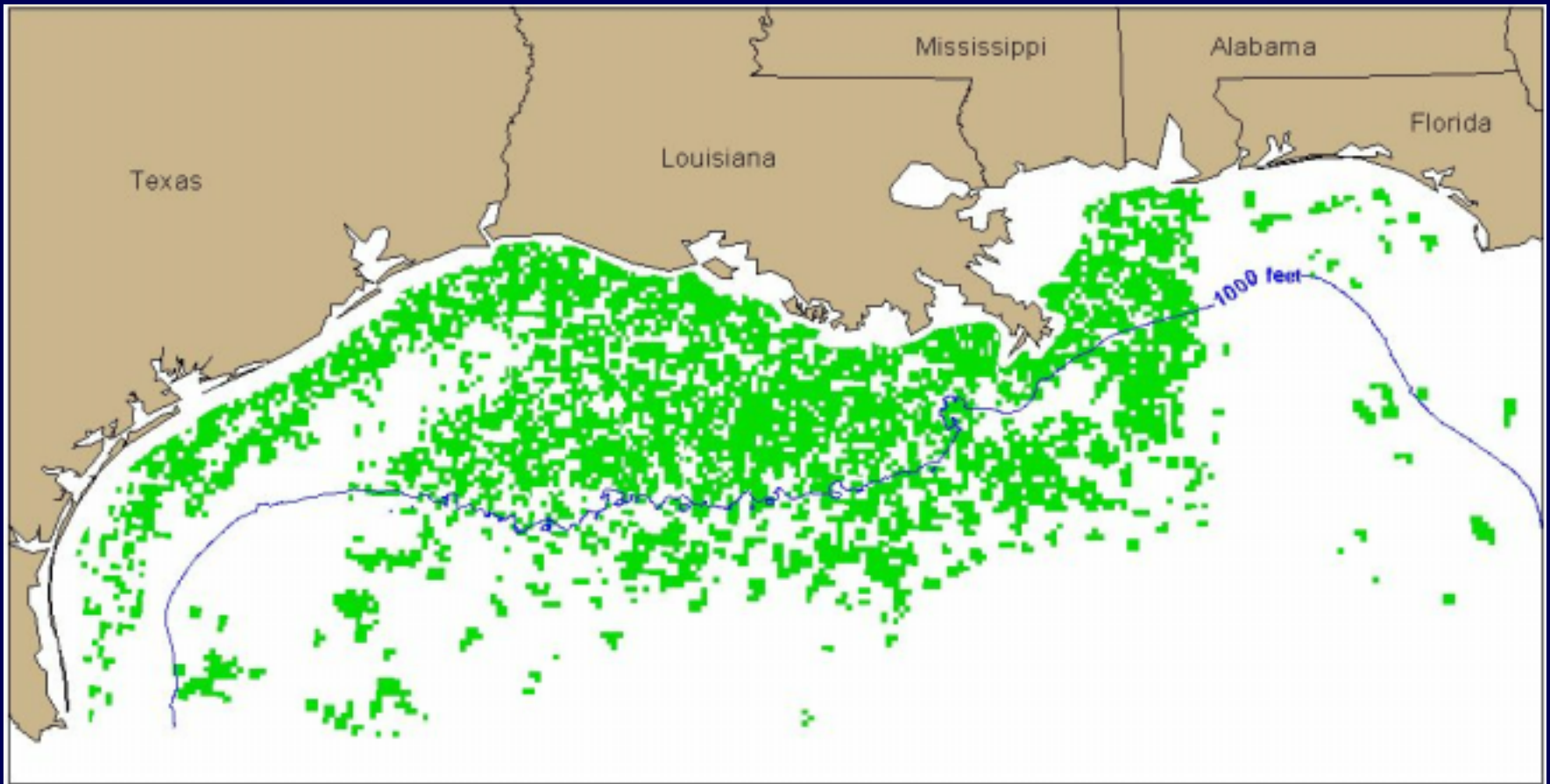
Activity

- **Near record Rig count**
 - **205 working**
- **Record in deepwater**
 - **42 a week ago**
- **225 deepwater wells last year**
(exploration and development)
- **New fabrication yard**
- **1,364 wells last year**

Plans of Exploration (POE) and Development Operations Coordination Documents (DOCD) by Calendar Year



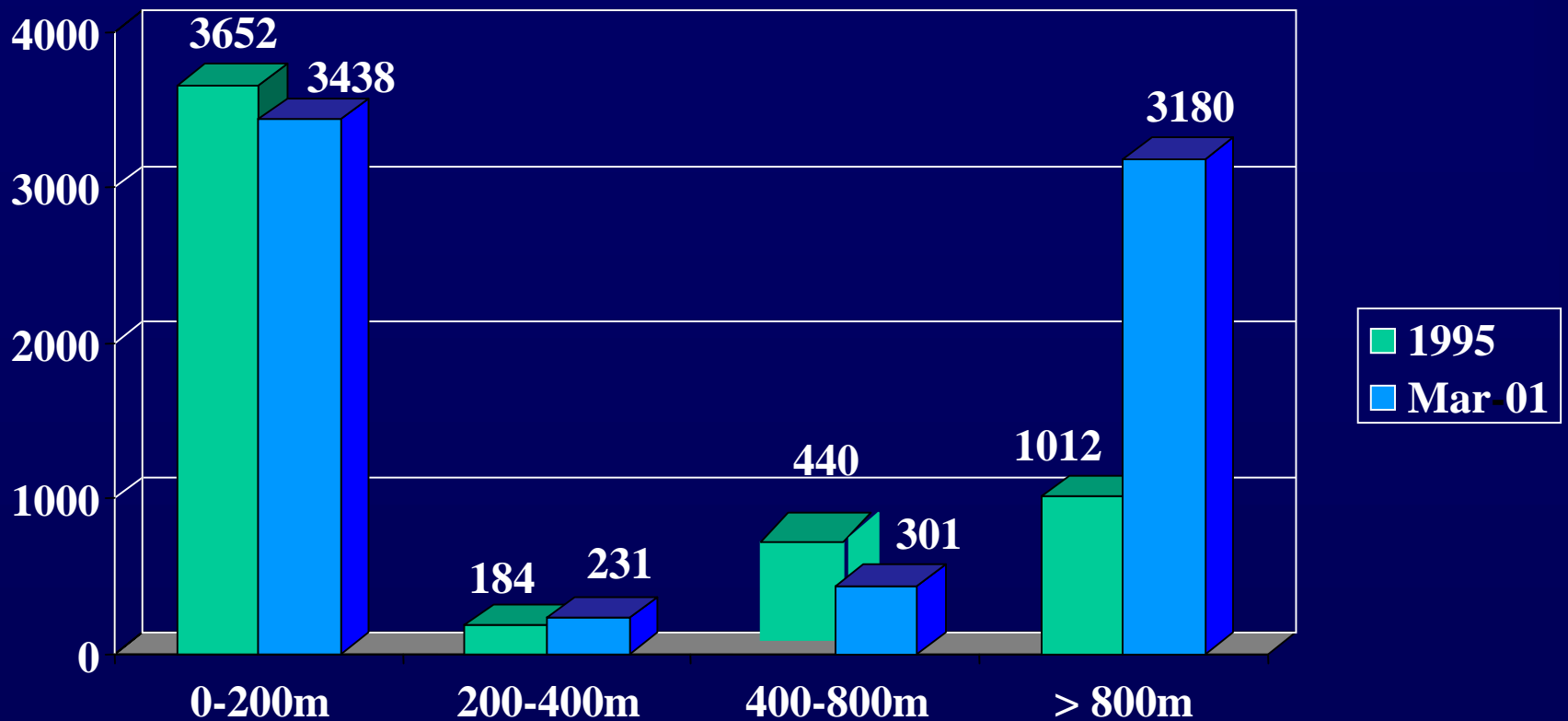
Active Leases as of December 1, 1995



Active Leases as of March 1, 2001



7,289 Active Leases



Eastern Gulf of Mexico Proposed Sale 181



Eastern Gulf of Mexico Sale 181

- Scheduled for early December 2001
- MMS is finishing work on a Final Environmental Impact Statement
- Decision on a proposed notice of sale in July 2001
- Decision on a Final Notice of Sale in October 2001

Gulf Deepwater Development

Deepwater

- **Deepwater development has accelerated rapidly**
- **11 projects in production in 1995**
- **37 projects in production in early 2001**
- **Technology of production systems has evolved rapidly**

Tension Leg Platform- Mars



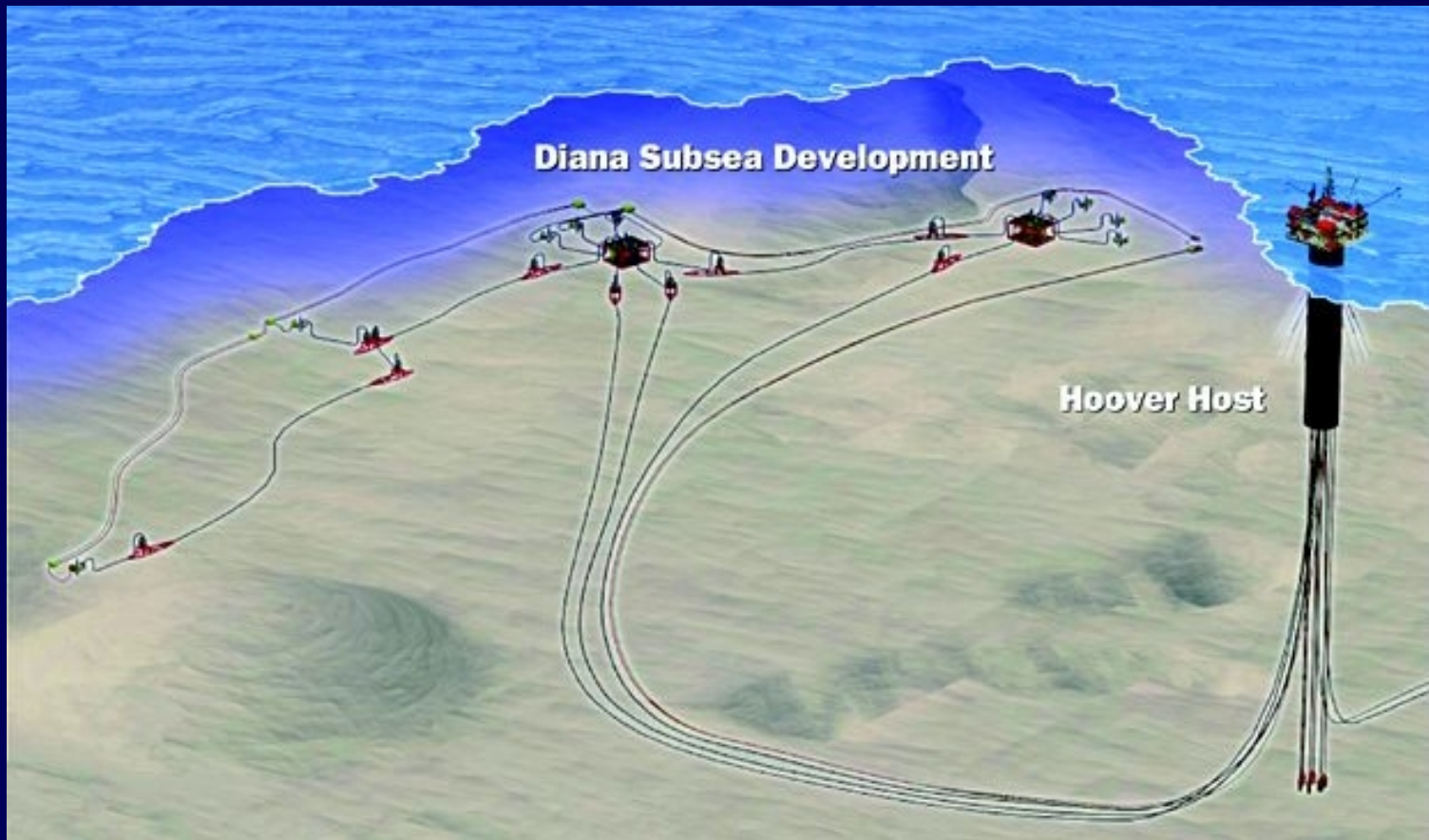
MMS

Spar - Genesis

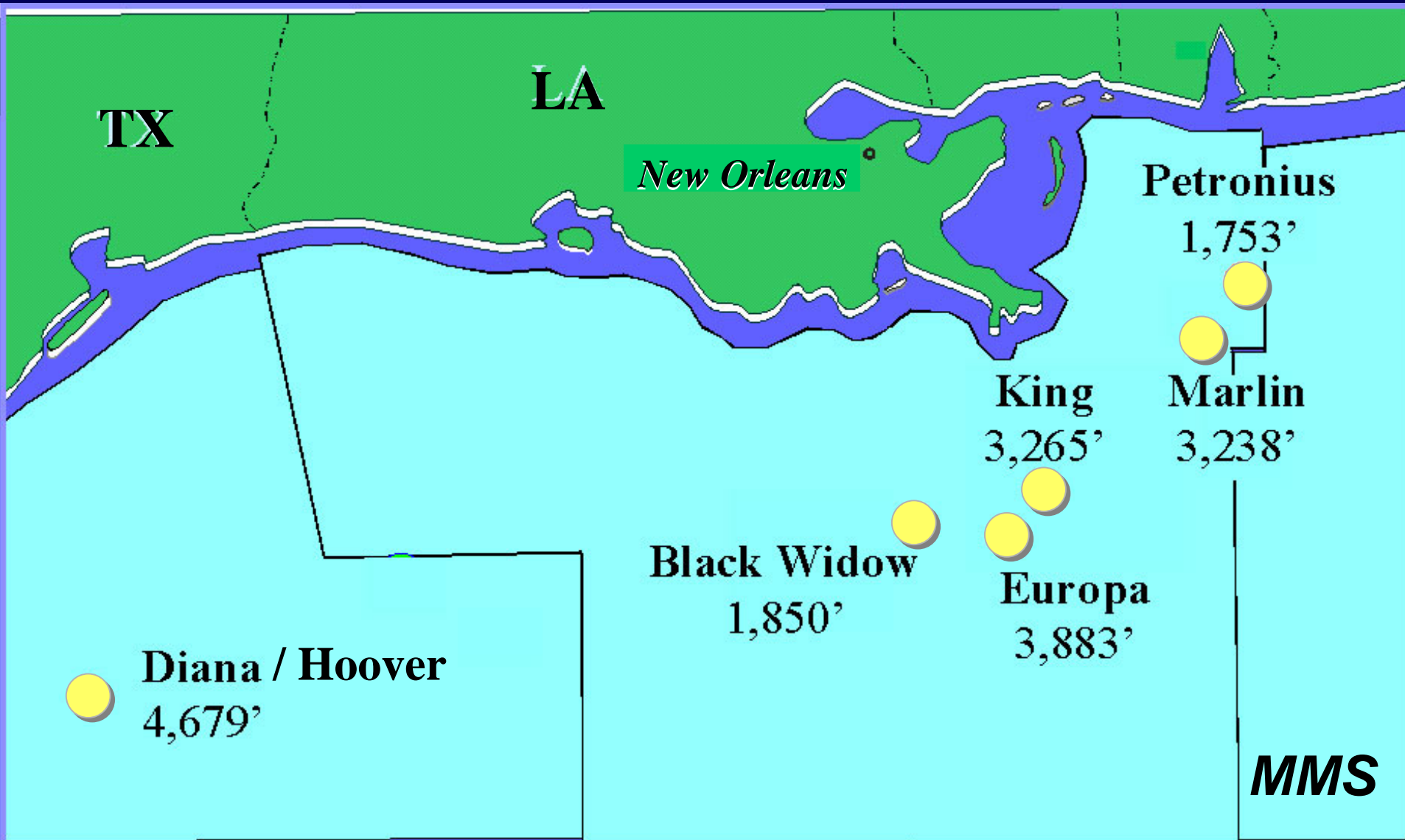


MMS

Spar - Diana Hoover

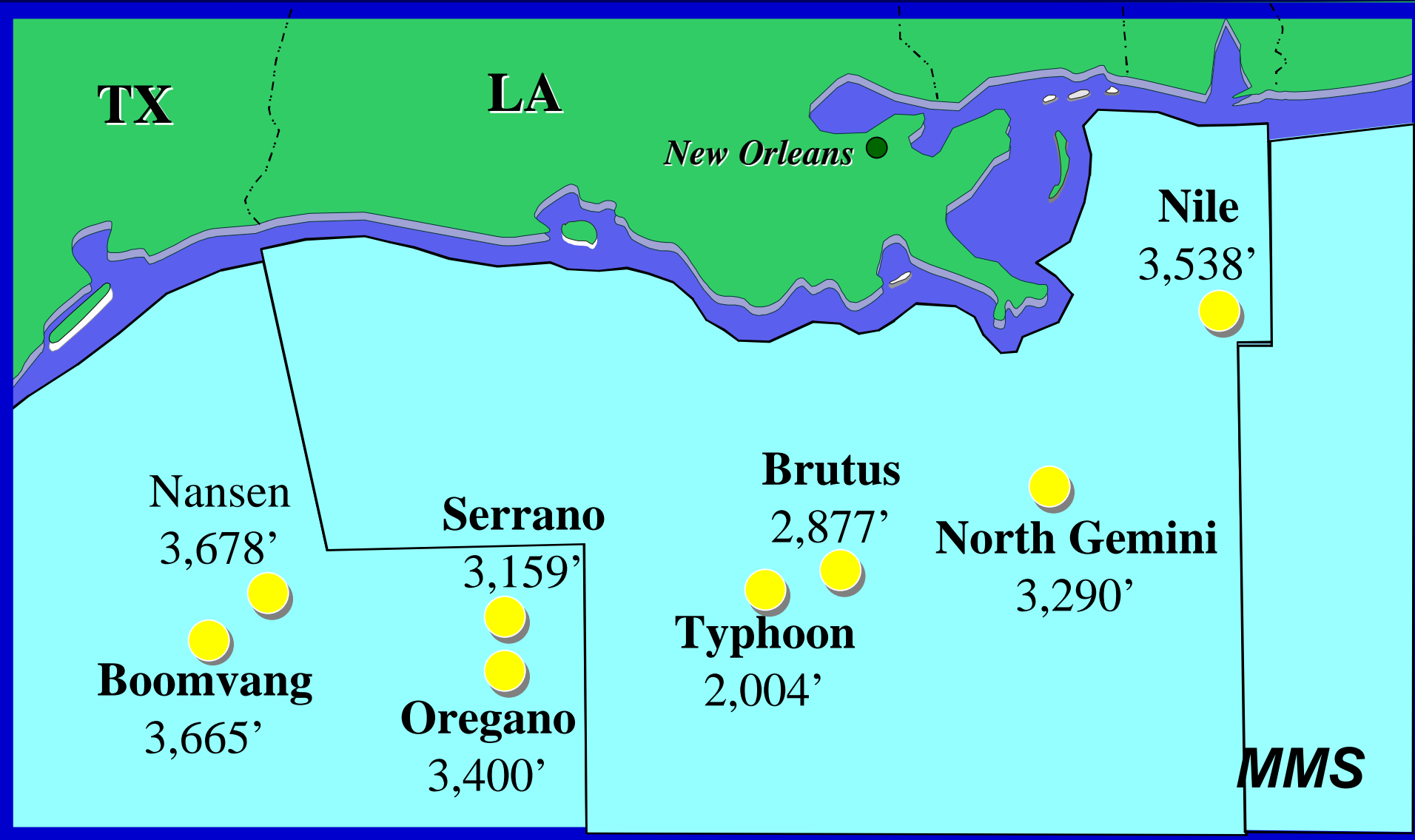


Deepwater Startups 2000

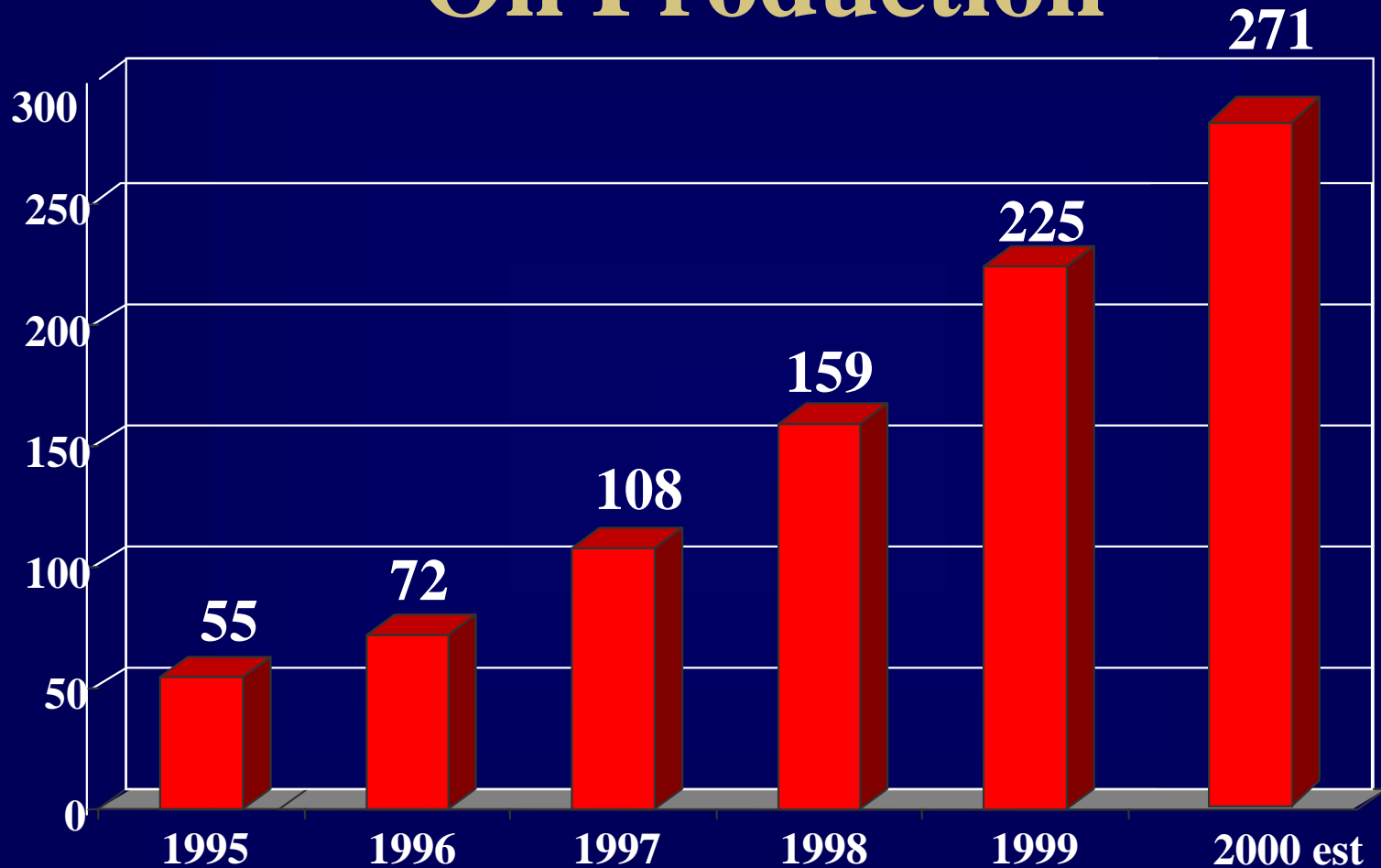


Deepwater Startups 2001-02

(expected)



Gulf of Mexico Deepwater Oil Production

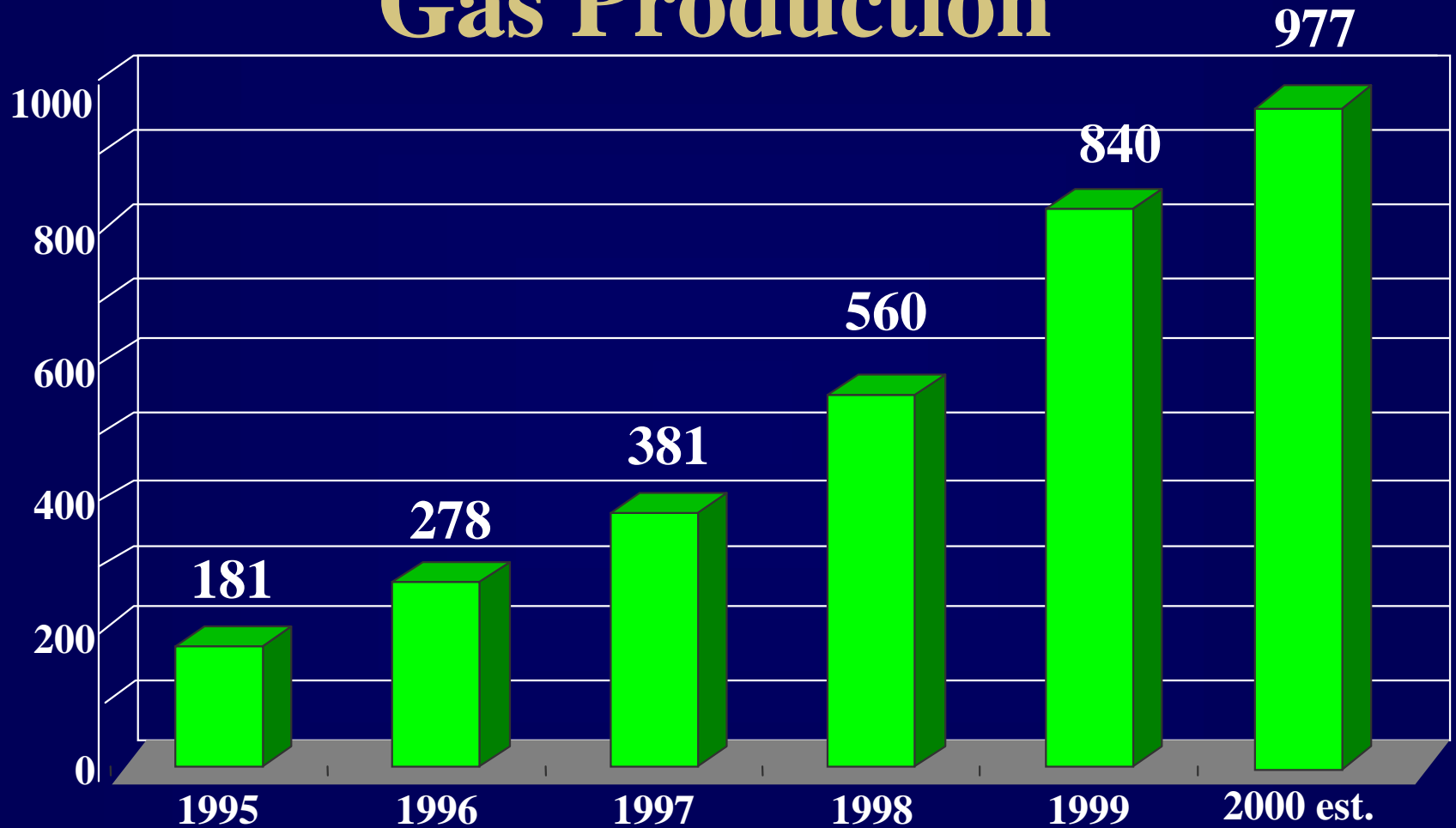


■ Millions of Barrels Per Year

Deepwater = 1000 ft. +

MMS

Gulf of Mexico Deepwater Gas Production

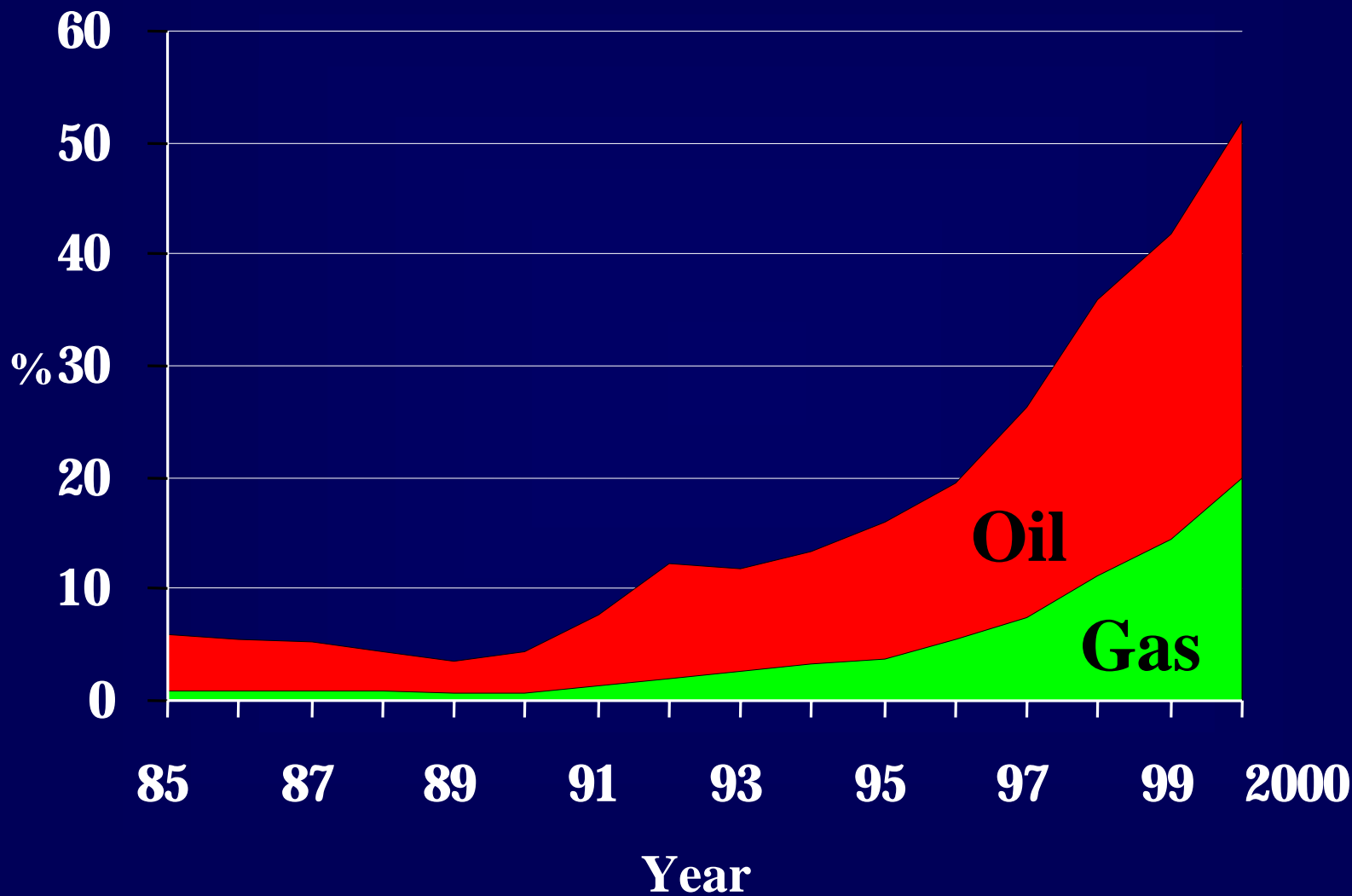


■ Billions of Cubic Feet (BCF) Per Year

MMS

GOM OCS Deepwater Production

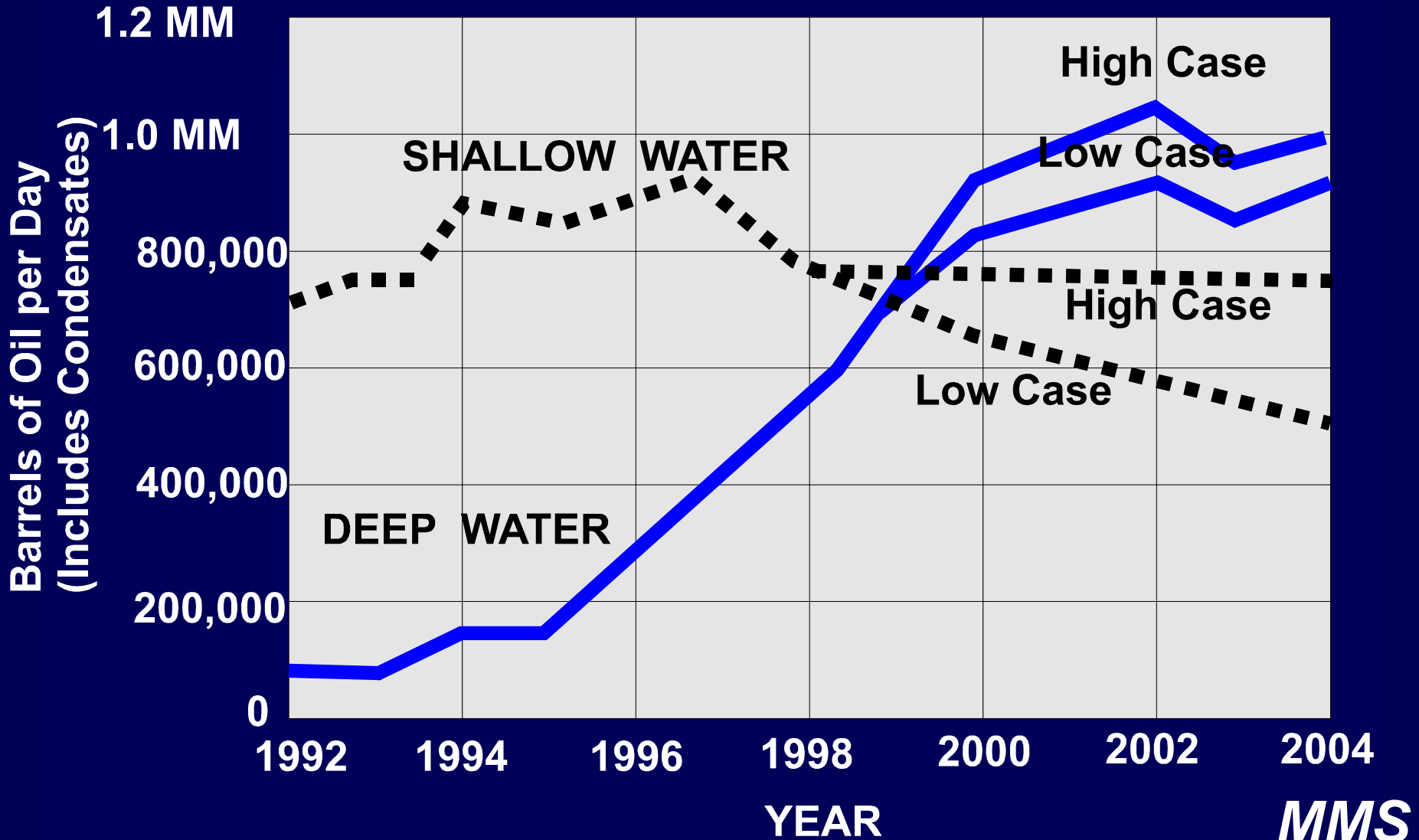
(% of total Gulf of Mexico)



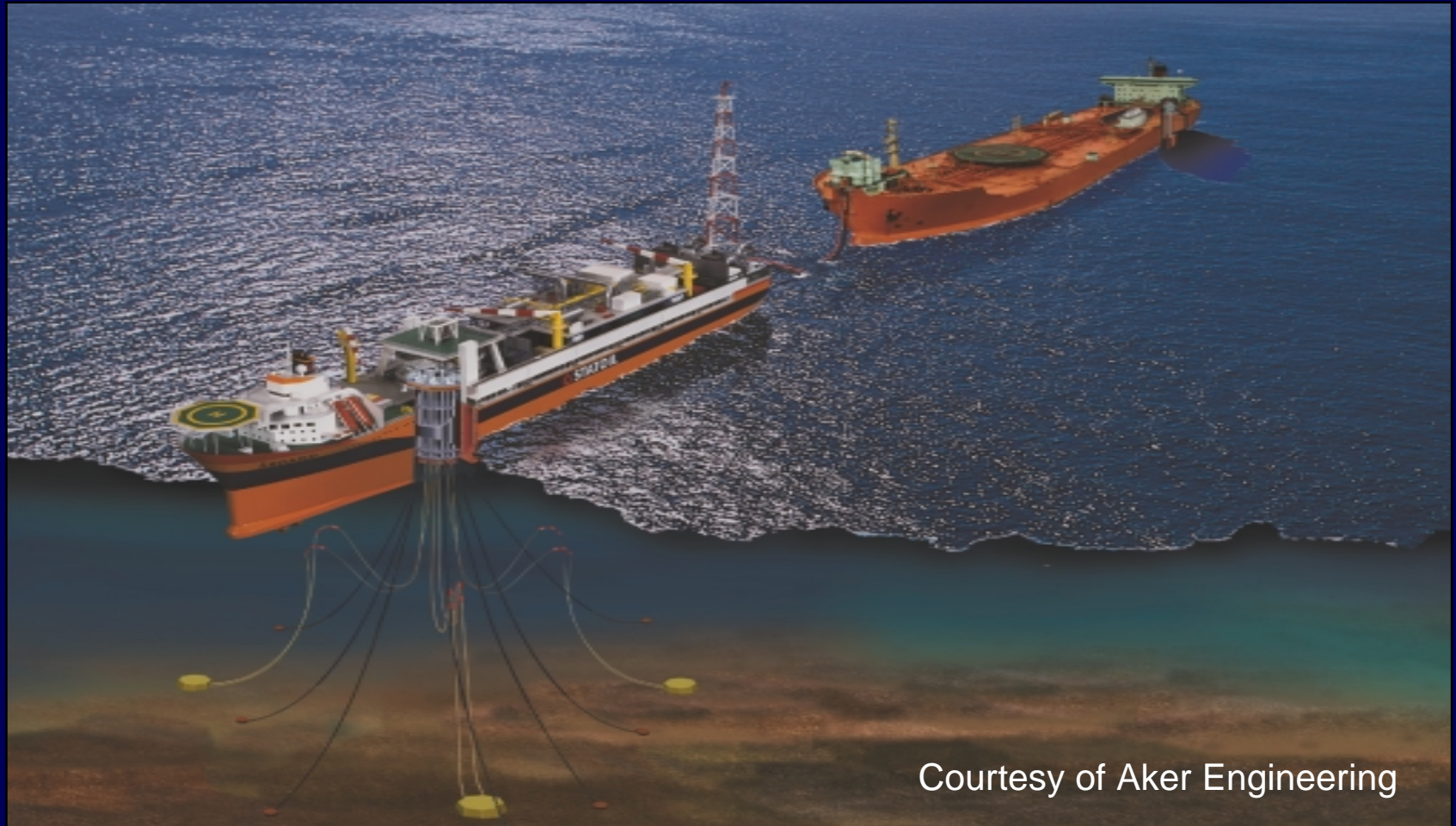
MMS

GOM Oil Production Projection

(from MMS Report MMS 2000-12)



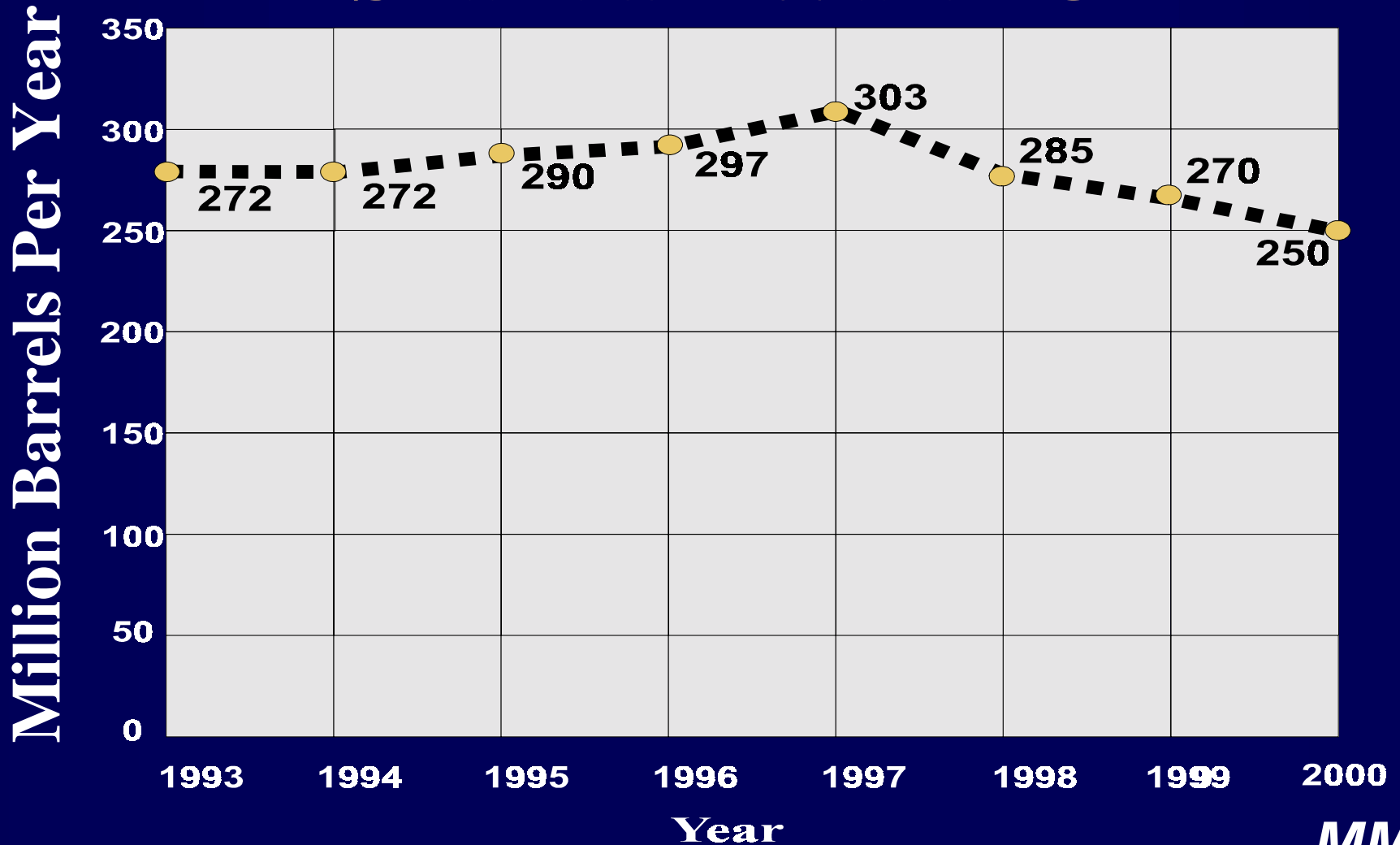
Floating Production, Storage, and Offloading System



Shallow Water Trends

Million Barrels Per Year

Shallow - Water Oil



Shallow-water Gas Production in the Gulf of Mexico 1993 - 2000

Trillion Cubic Feet of Gas



Deep Gas Incentives in Shallow Water

- In Sale 178 (March 2001) MMS used a deep gas incentive
- Drill a new well greater than 15,000 feet receive first 20 BCF royalty free
- Proposed also for Western Sale 180
- Looking at deep gas incentives for existing leases
- New publication - *Promise of Deep Gas*