



NEWS

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Interior Secretary Gale Norton Reports on Gulf of Mexico Energy Status

Washington, DC –With the United States extremely dependent on the Gulf of Mexico for energy resources, the one-two punch delivered by Hurricanes Katrina and Rita has created unprecedented challenges. Interior Secretary Gale Norton today provided a preliminary report on damage to oil and gas facilities and the ongoing efforts of the energy industry and the Federal Government to restore these resources.

“Despite such intense winds and powerful waves offshore, we experienced no loss of life or significant spills from any offshore well on the outer continental shelf,” said Norton. “Personal and environmental safety are two of the major goals of the Department of the Interior and our Minerals Management Service (MMS).”

Many workers, including some who lost their homes and possessions, are in the process of re-manning the facilities and preparing them to resume production.

Of the 4,000 platforms that the MMS administers, 3,050 platforms were in the path of Hurricanes Katrina and Rita. The preliminary damage assessment indicates that 108 of the older “end of life” facilities not built to MMS’ upgraded design standards were destroyed. They account for only 1.7% of the Gulf’s oil production and 0.9% of the Gulf’s gas production. Another 53 platforms suffered significant damage. As a result, only a very small percentage of production is expected to be permanently lost.

Major new facilities withstood the storms better, with only one major facility destroyed and four receiving significant damage. Repairs are already underway on the damaged facilities, but a substantial portion of production is expected to require several months to resume.

“Those offshore facilities that withstood the storms best were those constructed to the 1988 MMS upgraded design standards,” said Norton. “Of all of the facilities constructed after the 1988 upgraded standards, only one platform was significantly damaged. We are currently working to determine whether that damage was a result of the storm itself or whether another facility collided with it.”

Since Hurricane Ivan last year, the MMS has been focusing study on the mooring systems of Mobile Offshore Drilling Units (MODU's), 19 of which were torn from their anchor moorings and went adrift during Hurricanes Katrina and Rita. Secretary Norton has called a November 17 conference at which industry and regulators will come together to address the issue.

The Minerals Management Service has taken a number of actions to facilitate the process of returning energy resources to America, consistent with the need for safety. These measures include expediting review of requests for temporary barging of oil or flaring of small amounts of natural gas; expediting approval process for pipeline repairs; waiving of cost recovery fees until January 2006; and maintaining continuous operations in the Gulf area despite evacuation and relocation of the MMS New Orleans office and damage to district offices.

Figures released this afternoon by MMS indicate that currently 90% of Gulf oil production and 72% of Gulf natural gas production remains shut in. Also 342, or 42%, of Gulf platforms are still unmanned. Seventeen of 134 drilling rigs, or 13%, remain evacuated. Current information will continue to be posted on the Minerals Management Service website as it is collected and verified.

MMS, part of the U.S. Department of the Interior, oversees 1.76 billion acres of the Outer Continental Shelf, managing offshore energy and minerals while protecting the human, marine, and coastal environments. The OCS provides 30 percent of oil and 21 percent of natural gas produced domestically, as well as sand used for coastal restoration. MMS collects, accounts for, and disburses mineral revenues from Federal and American Indian lands, and contributes to the Land and Water Conservation Fund and other special use funds, with Fiscal Year 2004 disbursements of about \$8 billion and more than \$143 billion since 1982.

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