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Expanding Deepwater Frontier Is Focus of New Report

The latest edition of the biennial publication *Deepwater Gulf of Mexico 2004: America's Expanding Frontier* (OCS Report (MMS 2004-021) has been released by the Minerals Management Service (MMS), Gulf of Mexico OCS Region, MMS Director Johnnie Burton announced today at the Offshore Technology Conference in Houston. The report details the extraordinary growth of oil and gas industry activity in the deepwater (1,000 ft of water or more) Gulf over the past twelve years.

The report examines the technology of deepwater oil and gas exploration and production, including state-of-the-art floating platforms and seafloor installations. It looks at the process and history of oil and gas leasing, unconventional resources such as gas hydrates, ocean current monitoring, and regulation of seismic operations to mitigate potential impacts on the whale population. The section devoted to reserves and production discusses recent finds, estimates of recoverable petroleum hydrocarbons in the deepwater Gulf, and deepwater production from various companies.

“The deepwater Gulf of Mexico continues to be an expanding frontier,” said Ms. Burton. She points to the 90 deepwater projects on production at the end of last year, a 48 percent increase in the past two years. Production from the deepwater frontier grew to an estimated 959,000 barrels of oil per day and 3.6 billion cubic feet of natural gas per day by the end of 2002. Deepwater oil production accounted for approximately 61 percent of the Gulf's oil production in 2002. Significantly, in the last three years, there have been eleven industry-announced discoveries in water depths greater than 7,000 ft (2,134 m), and these ultra-deep discoveries have the promise of opening up entirely new geologic frontiers.

“Production from spars is one of the newest trends,” noted Burton, “eight of which were on production at the end of 2003 and three more are scheduled to begin production in 2004.” The report examines classic spars, truss spars, and the first cell spar (scheduled by Kerr McGee for installation in 2004). In addition, a few years ago, there were no mini-tension leg platforms in the Gulf of Mexico, whereas now the SeaStar and the MOSES have arrived. Subsea production has expanded from a water depth of 1,462 ft (446 m) with Placid Oil Company's Green Canyon Block 29 project in 1988, to 5,318 ft (1,621 m) with Shell's Mensa in 1997, and to 7,216 ft (2,199 m) with Marathon's Camden Hills in 2002. Shell and BP's Coulomb/Na Kika project, scheduled this year, will establish subsea production in 7,591 ft (2,314 m) of water.

The report concludes by looking towards the future—the expected continuing increases in production, anticipated new field developments based on recent discoveries, predictions of future deepwater discoveries, the decrease in time between leasing and production, and the difficulties of evaluating thousands of deepwater leases before their terms expire, given the limited number of offshore deepwater rigs.

Copies of this new report can be obtained from MMS, Gulf of Mexico OCS Region, free of charge, either in paper copies or on a single compact disc, by visiting the Public Information Office at Regional headquarters, 1201 Elmwood Park Blvd., New Orleans, Louisiana 70123, or by telephoning 1-800-200-GULF (736-2519 local). Ask for OCS Report MMS 2004-021, *Deepwater Gulf of Mexico 2004: America's Expanding Frontier*. The entire report can be found on MMS website: <http://www.gomr.mms.gov/homepg/whatsnew/techann/2004-021.pdf>.

The Minerals Management Service is the federal agency in the U.S. Department of the Interior that manages the nation's oil, natural gas, and other mineral resources on the Outer Continental Shelf in Federal offshore waters. The agency also collects, accounts for, and disburses mineral revenues from Federal and American Indian lands. MMS disbursed more than \$8 billion in FY 2003 and more than \$135 billion since the agency was created in 1982. Nearly \$1 billion from those revenues go into the Land and Water Conservation Fund annually for the acquisition and development of state and Federal park and recreation lands.

MMS Main Website: www.mms.gov
Gulf of Mexico Website: www.gomr.mms.gov

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