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MMS Updates Offshore Undiscovered Oil and Natural Gas Resource Estimates

The Minerals Management Service has issued an interim update to estimates for undiscovered technically recoverable resources underlying offshore waters on the Outer Continental Shelf. Based on information obtained from new exploration activities in the Gulf of Mexico and in the Scotian Basin offshore Canada, MMS estimates that 76.0 billion barrels of oil and 406.1 trillion cubic feet of natural gas are technically recoverable from federal offshore areas. While the overall estimate for oil resources remained about the same as the 2000 Assessment, the MMS estimate for natural gas increased about 12 percent compared to the 2000 number. About 91 percent of this increase in the natural gas estimate is due to new information obtained from recent exploration activities in the Gulf of Mexico.

These estimates represent the potential hydrocarbons of an area that can be produced using current technology, without any consideration to economic feasibility. Current technology includes drilling in water in excess of 3000 meters (10,000 feet) deep and to depths in excess of 9600 meters (31,700 feet).

MMS conducts a comprehensive national assessment of the undiscovered oil and gas resources on the OCS every five years. The last comprehensive national assessment was completed in 2000. The national assessments also include estimates for undiscovered economically recoverable resources, which represent the portion of the undiscovered technically recoverable hydrocarbons that can be explored, developed and commercially produced at given costs and price considerations using present or reasonably foreseeable technology. Present technologies include subsea completions and tie-backs, extended reach drilling, multi-lateral completions, and floating production systems.

Interim updates to these assessments, such as the one issued today, are released in response to significant information obtained from new exploration and development activity, and on occasion to incorporate major improvements in methodology and modeling.

MMS utilizes statistical models that incorporate geological, engineering, and economic inputs to estimate the undiscovered technically recoverable resources. The chart below lists the low,

mean, and high estimates for the Alaska, Atlantic, Gulf of Mexico and Pacific planning areas of the OCS.

Undiscovered Technically Recoverable Resources (UTRR) on the Outer Continental Shelf

	UTRR Oil (Bbbl)			UTRR Gas (Tcf)			UTRR BOE (Bbbl)		
	LOW	MEAN	HIGH	LOW	MEAN	HIGH	LOW	MEAN	HIGH
Alaska OCS	16.6	25.1	35.9	54.6	122.1	226.2	28.0	46.9	72.1
Atlantic OCS	1.9	3.5	5.3	19.8	33.3	50.6	5.4	9.4	14.3
Gulf of Mexico OCS	31.5	36.9	44.0	208.9	232.5	267.6	68.7	78.3	91.6
Pacific OCS	4.4	10.5	21.8	7.4	18.2	38.2	5.7	13.7	28.6
Total OCS	62.1	76.0	93.0	326.2	406.1	520.0	122.0	148.3	180.4

(Bbbl = billion barrels of oil, Tcf = trillion cubic feet of gas, BOE = total oil and gas in energy-equivalent barrels. LOW indicates a 95 percent chance of at least the amount listed existing. HIGH indicates a 5 percent chance of at least the amount listed occurring. MEAN estimates represent the expected amount. Only the mean values are additive.)

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 through advanced science and technology research. The OCS provides 30 percent of oil and 23 percent of natural gas produced domestically, and sand used for coastal restoration. MMS's collects, accounts for, and disburses mineral revenues from Federal and American Indian lands, with fiscal year 2004 disbursements of around \$8 billion and more than \$143 billion since 1982. The Land and Water Conservation Fund, which pays for acquisition of state and federal park and recreation land, gets nearly \$1 billion a year.

MMS Main Website: www.mms.gov

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