



NEWS RELEASE

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MMS Releases Preliminary Offshore Damage Reports from Hurricane Gustav

Collection of preliminary damage reports slows as Gulf operators prepare for Hurricane Ike.

NEW ORLEANS – The Minerals Management Service (MMS) today released preliminary damage reports for the Gulf of Mexico oil and gas infrastructure resulting from Hurricane Gustav.

From August 31, 2008 through September 1, 2008, approximately 677 oil and gas production platforms in the Gulf of Mexico were exposed to hurricane conditions, winds greater than 75 miles per hour. There are approximately 3,800 production structures in the Gulf; this includes both manned and unmanned facilities.

As of September 10, 2008, MMS has received one report of a small platform being destroyed offshore Louisiana. There was an oil sheen reported in the area of the platform that was estimated to have a volume of less than one gallon. After investigation, no additional sheen was observed. The platform was an unmanned structure and accounted for approximately 0.01 percent of the Gulf of Mexico's oil production and 0.04 percent of the Gulf of Mexico's natural gas production. As of June 2008, the estimated oil production from the Gulf of Mexico was 1.3 million barrels of oil per day and estimated natural gas production was 7.0 billion cubic feet per day. Since that time, gas production from the Independence Hub facility had increased and current gas production from the Gulf was estimated at 7.4 billion cubic feet of gas per day.

"It's very encouraging that reports of damage to date have been minor. At the same time, we have just started to see reports and it will take several weeks before we have a more comprehensive picture," said Randall Luthi, Director of the Minerals Management Service.

The damage reports have been defined by the estimated time it will take to make the repairs and restore oil and natural gas production from the facilities. MMS has received a report of one platform having extensive damage which may take from three to six months to repair. Examples of damage that would be considered extensive could include underwater structural damage or major damage to pipelines carrying the oil or natural gas to shore.

Reports have been received that five platforms received moderate damage taking one to three months before production can be restored and 35 platforms received minor damage which is expected to take up to one month to repair and restore production. Damage that would be considered moderate may include major topside damage to critical process equipment such as the platform's compressor or damaged risers or flex joints where pipelines connect to the platforms. Examples of damage that would be considered minor might include missing heliport skirting, pieces of grating or damaged boat landings.

MMS has been conducting helicopter fly-overs to investigate reports of sheens. As of September 10, 2008, there was one reported sheen estimated to be nine barrels; subsequent investigations showed that the sheen had dissipated. All other sheens reported by industry or observed by MMS or U. S. Coast Guard overflights were estimated at less than one barrel.

This information will change as reports are confirmed. Until reports can be confirmed, specific damage details will not be released. With the approach of Hurricane Ike to the Gulf of Mexico, additional initial damage reports as well as confirmation of the reported damage may be delayed.

MMS released a Notice to Lessees and Operators on Monday, September 8, 2008. This operational document described the inspections and reports necessary as a result of Hurricane Gustav impacting the Gulf of Mexico. Following a hurricane, MMS routinely requires companies to survey offshore facilities for any damage and report when the damage has been repaired.

According to the notice published by MMS, all operators, lessees and pipeline right-of-way holders must conduct thorough inspections of their facilities that were exposed to hurricane force winds. These inspections require an above-water visual inspection followed by an underwater visual inspection by divers or remotely operated vehicles if it appears that underwater damage may have occurred.

MMS will review the initial inspection plans and advise each operator as to the acceptability of their plans. The notice also addressed inspections of pipeline routes including pipeline tie-in and crossings, pipeline risers, and pipeline steel catenary risers.

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