

# MMS Fast Facts

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June 2008

### **Oil and Gas Production on the Federal Outer Continental Shelf**

The Federal government owns a vast amount of land—both onshore and offshore. The Minerals Management Service (MMS), an agency within the U.S. Department of the Interior, manages the Nation's energy and mineral resources on the 1.76 billion offshore acres of the Federal Outer Continental Shelf (OCS), and the collection and distribution of mineral revenues generated from bonuses, rents and royalties from the Federal OCS and Federal and Indian lands onshore.

Generally speaking, Federal OCS lands begin 3 miles offshore coastal States, except in the case of Texas and the Gulf Coast of Florida where the Federal OCS lands begin 3 marine leagues (or approximately 10 miles) offshore. The OCS Lands Act governs the management of energy and mineral resources, including oil and gas, on the OCS, and MMS manages oil and gas leasing activities through its 5-year OCS leasing program. Today, MMS administers about 8,300 leases and oversees nearly 4,000 facilities on the OCS. The OCS lands are leased by the Federal Government to industry, which explores, develops, and produces oil, natural gas, and other energy and mineral resources.

***The OCS has played, and will continue to play, a significant role in our Nation's energy picture.***

- Currently 85 percent of the Lower 48 OCS is under congressional moratoria and presidential withdrawal. The 15 percent of the OCS that is available for leasing activity accounts for 27 percent of domestic oil production and 14 percent of natural gas production.
- On a per day basis, the OCS currently produces about 1.4 million barrels of oil and about 8 billion cubic feet of natural gas.
- Since 1954, the OCS has produced about 17 billion barrels of oil and about 174 trillion cubic feet of natural gas. By 2010, DOE's Energy Information Administration forecasts that daily OCS production will exceed 2 million barrels of oil and 9 billion cubic feet of natural gas.
- In Fiscal Year 2007, MMS collected more than \$7 billion from OCS leasing and production, disbursing the revenue to coastal states, and the U.S. Treasury as directed by various statutes.
- Approximately 178.5 million acres in the Lower 48 and Alaska OCS are being considered for oil and gas leasing under the current 5-year OCS leasing program for 2007-2012.

## **Background on OCS Moratoria**

- Approximately 600 million (85 percent) acres are not available for oil and gas leasing due to congressional moratoria and presidential withdrawal.
- Since the 1980's, as part of the annual appropriations process, Congress has placed moratoria on pre-leasing/leasing activities on various areas of the OCS.
- In 1990, President George H.W. Bush issued an executive memorandum withdrawing those areas under congressional moratoria from leasing through the year 2000. In 1998, President Clinton extended the withdrawal through 2012.
- In 2003, Congress lifted the moratoria in the North Aleutian Basin at the request of the Alaska delegation.
- In 2006 Congress passed the Gulf of Mexico Energy Security Act (GOMESA) which established a new moratorium on leasing activities in most of the new Eastern Gulf Planning Area as well as a portion of the Central Gulf Planning Area within 100 miles of the coastline of Florida until June 30, 2022. GOMESA also lifted congressional moratoria for a portion of the Central Gulf Planning Area, referred to as the 181 South Area.
- In January 2007, President G.W. Bush modified the executive withdrawal to reflect congressional action by lifting the bans on the North Aleutian Basin and the 181 South Area, to reflect changes to moratoria enacted under GOMESA.
- On June 18, 2008, President G.W. Bush urged Congress to pass legislation to give "states the option of opening up OCS resources off their shores," stating that when Congress lifts its moratoria, he will lift the presidential withdrawal on the OCS.

## **Lease Sale Results under the Current 5-Year OCS Leasing Program**

Since July 1, 2007, five of the 21 lease sales scheduled under the 2007-2012 5-year OCS leasing program have been conducted, and the sales have been very robust.

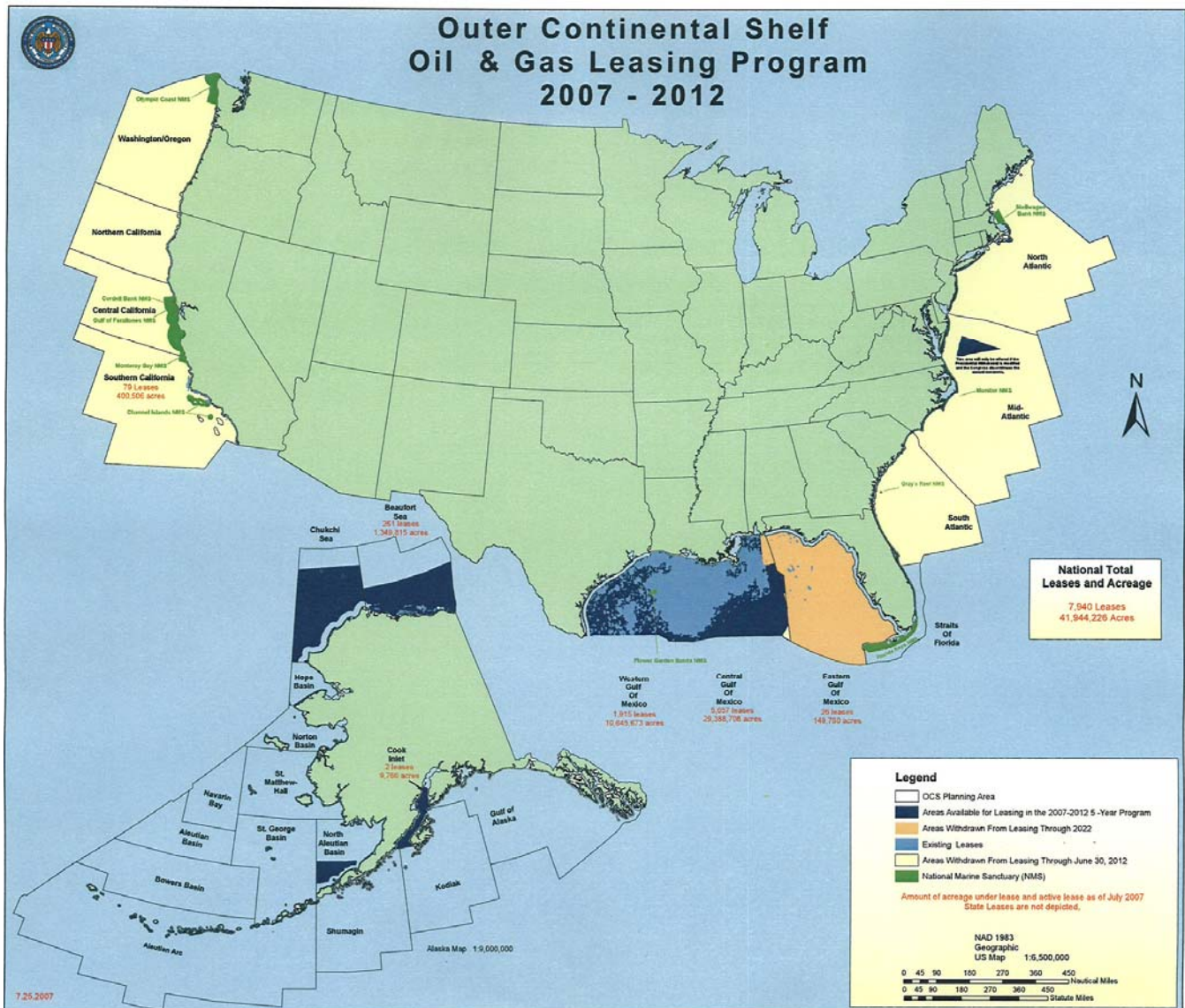
- For the Western Gulf of Mexico (WGOM) Sale 204 held in August 2007, MMS accepted high bids valued at \$287,081,023 and awarded 274 leases.
- The Central Gulf of Mexico (CGOM) Sale 205, held in October 2007, received what was then the second highest amount in high bids since OCS leasing began. MMS accepted \$2,829,926,881 in high bids and awarded 683 leases.
- On February 6, 2008, the program saw another record sale, this time offshore Alaska. The Chukchi Sea Sale 193 received \$2,662,059,883 in high bids on 488 tracts. MMS has awarded 487 tracts; one bid was withdrawn.
- On March 19, 2008, the Central Gulf Sale 206 set the record for high bids since OCS leasing began, attracting \$3,677,688,245 in high bids on 615 tracts. Also on that day, the Eastern Gulf of Mexico Sale 224 received \$64,713,213 in high bids on 36 tracts. Sale 224 was mandated by the Gulf of Mexico Energy Security Act (GOMESA) and, pursuant to which, 37.5 percent of the revenues from this sale will be shared with the four Gulf producing States (AL, LA, MS, TX). Sale 206 and Sale 224 also included an increase in royalty rates to 18.75 percent from 16.67 percent.
- From these 5 sales alone, MMS has received over \$9 billion from high bids.

## OCS Oil and Gas 2006 Resource Assessments

MMS's 2006 assessment of oil and gas resources on the OCS indicates potential quantities of undiscovered technically recoverable oil and gas resources (UTRR) that may be present on the OCS. The estimates are as follows:

	Oil (billions of barrels)	Gas (trillion cubic feet)
Total OCS	85.88	419.88
Available under 5-year program	66.40	324.2
Under Moratoria/Presidential Withdrawal	17.84	76.47

\*\* Note: the resource estimates above include the Mid-Atlantic Planning Area offshore the coast of Virginia.



To find out more visit the MMS website at <http://www.mms.gov/offshore> for information on the Offshore Energy and Minerals Management Program, or <http://www.mrm.mms.gov> for information on the MMS Mineral Revenue Management Program or call the MMS Office of Congressional Affairs at (202) 208-3502.