



NEWS RELEASE

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MMS Releases Summary of Lower Tertiary Play in Gulf

NEW ORLEANS – Minerals Management Service (MMS) today released a summary of discoveries industry has made in the Lower Tertiary Trend in the offshore ultra-deep waters of the Gulf of Mexico (GOM) (on figure 1). Figure 2 provides the locations of the 12 announced discoveries.

Lower Tertiary formations were deposited from about 65 million to about 35 to 23 million years ago. Discoveries in the GOM Lower Tertiary have been from variable depths, wells drilled as shallow as 15,000 feet in some areas and as deep as 30,000 feet in others.

“This is an exciting new trend in the Gulf of Mexico, and the recent announcement by Chevron and its partners of the results of the Jack 2 well provides additional proof of its great potential,” noted MMS Director Johnnie Burton. “This trend began to materialize in 2001 and 2002 with several discoveries in the Alaminos Canyon and Walker Ridge areas and now has extended to the Keathley Canyon area. The area could be as wide as 300 miles and involve as many as 3,000 blocks that MMS administers.”

The importance of the deepwater extension of the Lower Tertiary Trend, which has long been recognized as a major petroleum resource throughout the Texas and southwestern Louisiana area, is the significant increase in oil and gas reserves it will provide for decades to come. Until these recent announcements, the reserve contribution of the Lower Tertiary in the Gulf was negligible. Ninety-nine percent of the GOM proved reserves were found in sediments less than 23 million years of Miocene age (Upper Tertiary) and younger, while one percent of the proved reserves are in older than 65 million years (Jurassic and Cretaceous age) sediment, which are primarily in nearshore areas offshore Louisiana and Alabama.

MMS officials also noted that the widespread industry interest in the Jack well test and the discovery by BP on its Kaskida prospect in 5,860 feet of water preceded heavy bidding activity at MMS's Western Gulf Sale 200 in August. At that sale, 82 tracts received bids in the Keathley Canyon area. In addition, the highest bid at the sale was offered by BP at \$21 million for Block 58 in Keathley Canyon, Petrobras bid \$12.8 million for Block 59 there, and Shell bid \$6.0 million for Block 56. These bids further illustrate industry's high interest in this area and, with its development, the subsequent growth in the nation's offshore deepwater resources.

(MORE)

Publicly Announced Lower Tertiary Trend Discoveries (Figure 1)

Prospect	Block	Operator	Discovery Date
Trident	AC 903	Chevron	2001
Great White	AC 857	Shell	2002
Cascade	WR 206	BHP	2002
Chinook	WR 469	BHP	2003
St. Malo	WR 678	Chevron	2003
Tobago	AC 859	Chevron	2004
Silvertip	AC 815	Chevron	2004
Tiger	AC 818	Chevron	2004
Jack	WR 759	Chevron	2004
Stones	WR 508	BP	2005
Gotcha	AC 856	Total	2006
Kaskida	KC 292	BP	2006

Gulf of Mexico – Lower Tertiary Trend Discoveries (Figure 2)



—MMS—

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