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Deepwater in the Gulf of Mexico: America's New Frontier

OCS Report MMS 97-0004

The Minerals Management Service (MMS) announces the availability of the publication *Deepwater in the Gulf of Mexico: America's New Frontier*. The report describes the extent and types of oil and gas exploration and development activities that are taking place in the deepwater portion of the Gulf of Mexico OCS. "Deepwater" refers to water depths greater than 1,000 feet or 305 meters. These activities are then considered in relation to the effects they will have on the operations and workload of the Minerals Management Service (MMS). The full magnitude of the impacts is not yet known, although some specific impacts are emerging and others can be anticipated.

For 50 years, oil and natural gas have been produced from the OCS underlying the Gulf of Mexico. This production represents more than 83 percent of total OCS oil production and more than 99 percent of all OCS natural gas production. In 1995, production from this area accounted for 15 percent of all oil produced in the U.S. and 26 percent of the natural gas. To date, most of the Gulf's production has come from fields located in relatively shallow waters. A new era for the Gulf of Mexico has begun with the intense interest in the oil and gas potential of the deepwater areas.

Favorable economics, the development of three-dimensional (3D) and subsalt geophysical technologies, the announcement of several deepwater discoveries, the development of new deepwater drilling and development technologies, the passage of the Deep Water Royalty Relief Act, and the opportunity to lease new prospects have all contributed to the revitalization of exploration and development in the Gulf of Mexico. After the recent implementation of deepwater royalty relief measures, specifically designed to support the development and production of deepwater tracts, the MMS received record bids for deepwater tracts in both 1996 lease sales.

Deepwater operations are significantly different from conventional operations in shallower waters of the shelf. Deepwater operations may encounter different environmental conditions, are technologically more sophisticated, may produce at much higher rates, and are subject to different economic determinants. New and evolving technologies, larger and more complex facilities, modifications of procedures, and additional environmental protection issues are all anticipated for deepwater activities. These differences will significantly impact the MMS Gulf Region's workload and present many technical and regulatory

challenges. The MMS is working diligently to keep pace with the evolving deepwater issues and technical expertise, and has developed the regulatory framework required to be an effective manager and regulator of these deepwater areas.

Copies of this report can be obtained from the Minerals Management Service, Gulf of Mexico OCS Region, at a charge of \$5.00 by referencing OCS Report MMS 97-0004. The report will also be available in the near future from the National Technical Information Service. These addresses are provided below.

Minerals Management Service
Gulf of Mexico OCS Region
Public Information Office (MS 5034)
1201 Elmwood Park Boulevard
New Orleans, Louisiana 70123-2394
(504) 736-2519 or 1-800-200-GULF
or FAX: (504) 736-2620

U.S. Department of Commerce
National Technical Information Service
5285 Port Royal Road
Springfield, Virginia 22161
Telephone requests may be placed at
(703) 487-4650 or FAX: (703) 321-
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Rush Orders: 1-800-336-4700

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MMS Internet website address: <http://www.boem.gov>
24 hour Fax-on-Demand Service:(202) 219-1703