

The NewsRoom

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Drilling Activity Hits New High in Ultra-Deep Gulf of Mexico

NEW ORLEANS – A record number of drilling rigs are currently working in ultra-deepwater in the Gulf of Mexico. “For the first time, 15 rigs are drilling for oil and gas in 5,000 feet of water or greater in the Gulf,” MMS Director Randall Luthi announced today. “The continued increase in drilling activity is a show of confidence in the resource potential of the Gulf’s ultra-deepwater frontier.”

While drilling activity in deepwater remains strong, advances have also been made in the production area. In July 2007, gas production started on Independence Hub, a semi-submersible platform located in 8,000 feet of water and operated by Anadarko. The deepest production platform ever installed and also the world’s largest offshore natural gas processing facility, Independence Hub project will produce natural gas from 15 subsea wells when fully operational. Before Independence Hub’s start-up, the production facility in the deepest water depth was the Na KiKa floating production system located in 6,340 feet of water, operated by Shell and BP.

Currently, 70 percent of the Gulf’s oil production comes from leases in water depths greater than 1,000 feet while 40 percent of the natural gas production in the Gulf comes from leases in those same water depths. As of April 2007, the Gulf’s daily production was estimated at 1.3 million barrels of oil per day and 7.7 billion cubic feet of gas per day.

As the industry continues its exploration in deeper waters, the availability of technology capable of operating in deeper water depths and more extreme conditions becomes an important issue. Several new drilling rigs are being built for use in the deepwater Gulf. These rigs under construction range from drill ships to semi-submersibles and will be capable of operating in water depths up to 12,000 feet. Some of these new rigs will be ready as early as summer 2008 and others are expected to be operational by the second half of 2009.

“The offshore oil and gas industry is facing frontier-like conditions and developing advanced technology to explore the ultra-deep Gulf waters in order to secure the nation’s energy production,” noted Luthi.

<i>Operator/Drilling Company</i>	<i>Area/Block</i>	<i>Drilling Rig</i>	<i>Water Depth (ft)</i>
Exxon Mobil Corporation	AC 731	Ocean Eirik Raude	8,694
Hydro Gulf of Mexico, L.L.C.	MC 961	Noble Amos Runner	7,925
Shell Offshore Inc.	AC857	Noble Clyde Boudreaux	7,819
Shell Offshore Inc.	DC 353	T.O. Deepwater Nautilus	7,457
Chevron U.S.A. Inc.	WR 758	T.O. Cajun Express	6,959
BP Exploration & Production Inc.	GC 743	GSF Development Driller II	6,822

Devon Energy Production Company	WR 278	Diamond Ocean Endeavor	6,475
BHP Billiton Petroleum (GOM) Inc.	AT 574	GSF Development Driller I	6,211
BP Exploration & Production Inc.	MC 778	Thunder Horse PDQ	6,033
BP Exploration & Production Inc.	MC 775	T.O. Discoverer Enterprise	5,673
Chevron U.S.A. Inc.	MC 860	T.O. Discoverer Deep Seas	5,667
BP Exploration & Production Inc.	KC 244	T.O. Deepwater Horizon	5,431
Woodside Energy (USA) Inc.	GC 949	Noble Max Smith	5,368
Kerr-McGee Oil & Gas Corporation	GC 768	Diamond Ocean Star	5,255
Chevron U.S.A. Inc.	WR 29	Ensco 7500	5,232

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