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### MMS APPROVES NEW CHEVRON EXPLORATION WELL OFFSHORE PENSACOLA

The Minerals Management Service (MMS) yesterday approved Chevron U.S.A. Inc.'s revised plan to drill an exploration well for natural gas 26.4 miles offshore Pensacola, Florida, in a water depth of 244 feet.

MMS granted approval for the plan after consultation with the State of Florida, the National Marine Fisheries Service, and the U.S. Fish and Wildlife Service in Panama City. Chevron filed this revised plan, seeking MMS approval in March 1995. The well will be drilled to test the norphlet formation at this site. The norphlet formation is a prolific gas production zone first found offshore Alabama that extends a considerable distance into waters offshore Florida.

MMS granted approval for this well on the area called Destin Dome Block 57 only after requiring:

that Chevron have a standby response boat with oil recovery equipment on site in the case of an accidental oil spill from fuel transfer operations;

that a survey of the ocean floor be done to characterize sea life on the bottom and provide for its protection;

that Chevron have an up-to-date oil spill contingency plan; and,

that the rate of discharge of drilling muds and cuttings from the drilling of the well be controlled.

MMS also conducted a thorough environmental review both of the original plan in 1987 and this revised plan. The latest environmental assessment analyzed effects on fisheries, coastal resources, biological communities, socioeconomic effects, other resources and the chance of an oil spill.

This revised plan moved the well site 350 meters northwest of a site that had been approved by MMS and the State of Florida in 1987.

In addition, Chevron had to obtain a water discharge permit and air emissions permit from EPA before proceeding.

Chevron may begin drilling this exploratory well in the very near future, and it will take approximately 150 days. It will be done using a jackup rig called the ENSCO 87. During the 150 days, MMS will have its professional inspector personnel check the drilling rig to make sure it is being operated safely.

This exploration well follows two earlier wells drilled by Chevron in 1988 and 1990 that found commercial quantities of natural gas on Block 56, and a dry well drilled in 1994 on nearby Block 97. This latest well will help further delineate the size of Chevron's discovery.

Chevron acquired this lease in 1984 in Lease Sale No. 79 at a cost of \$1.3 million. Other owners of the lease include Conoco Inc. and Murphy Exploration and Production Company. If these leases were to be put into production after additional MMS approvals, Chevron would pay the U.S. Treasury 16-2/3 percent of the value of the gas production in royalties.

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