



**U.S. Department of the Interior  
Minerals Management Service  
Office of Communications**

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***NEWS RELEASE***

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**FOR RELEASE:**

October 18, 1999

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**Gulf of Mexico Deep Water Oil and Gas Production Rises Dramatically**

The Minerals Management Service (MMS) announced today that production of offshore oil and gas in the deep water (greater than 1,000 ft deep) portion of the Gulf of Mexico (GOM) reached an all-time high in 1998 and continues to escalate rapidly. Production of oil from the deep water has risen 279 percent in the last five years, and deep water gas production rose 252 percent.

According to MMS Director Walt Rosenbusch, "The 1998 increase is significant and of national importance. The rising amount of production coming from the deep water has great momentum and will continue to play a key role in our national energy strategy." Rosenbusch added, "While total domestic production of oil declined some 410,000 barrels a day from 1994 to 1998, the decline would have been nearly twice as large if the deep water production had not increased by 321,000 barrels a day."

From 1997 to 1998, oil production from the deep water in the GOM rose 47 percent. The production increase in 1998 was sustained by oil and gas company projects that began production in 1997 and 1998.

In 1999, eleven additional projects in the deep water of the GOM have begun or are scheduled to begin. The attached graphs illustrate the production increases and show the 1999 deep water projects.

MMS is the federal agency that manages the Nation's oil, natural gas, and other mineral resources on the Outer Continental Shelf; and collects, accounts for, and last year disbursed about \$6 billion in revenues from federal offshore mineral leases and from onshore mineral leases on federal and American Indian lands.

1999 Deep water GOM Projects

| Prospect Name | Operator           | Area/Block | Production Start Up | Est. Oil Prod.<br>(9/1/99) | Est. Gas Prod.<br>(9/1/99) |
|---------------|--------------------|------------|---------------------|----------------------------|----------------------------|
| Marlin        | Amoco              | VK 915     | Oct-99              | 0                          | 0                          |
| Allegheny     | British Borneo     | GC 254     | October 1, 1999     | 0                          | 0                          |
| Genesis       | Chevron            | GC 205     | January 28, 1999    | 49,000 BOPD                | 52,000 MCFPD               |
| Virgo         | Elf                | VK 823     | Nov-99              | 0                          | 0                          |
| Dulcimer      | Mariner            | GB 367     | April 5, 1999       | 0 BOPD                     | 58,000 MCFPD               |
| Pluto         | Mariner            | MC 718     | Oct-99              | 0                          | 0                          |
| Angus         | Shell              | GC 113     | September 5, 1999   | 0                          | 0                          |
| Macaroni      | Shell              | GB 602     | August 24, 1999     | 5,000 BOPD                 | 8,000 MCFPD                |
| Ursa          | Shell              | MC 810     | March 8, 1999       | 47,100 BOPD                | 76,000 MCFPD               |
| Gemini        | Texaco             | MC 292     | May 28, 1999        | 2300 BOPD                  | 115,000 MCFPD              |
| Unnamed       | Walter Oil and Gas | EW 1006    | March 15, 1999      | 3500 BOPD                  | 2500 MCFPD                 |

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