



U.S. Department of the Interior
Minerals Management Service
Gulf of Mexico OCS Region

April 2001

The Promise of Deep Gas in the Gulf of Mexico

OCS Report MMS 2001-037

The Minerals Management Service (MMS) announces the availability of the publication *The Promise of Deep Gas in the Gulf of Mexico*. The report provides information and background on an MMS initiative to encourage offshore operators to explore and develop the undiscovered, recoverable deep gas resources on the Outer Continental Shelf (OCS) in less than 200 meters water depth. MMS has already offered incentives in the form of royalty relief on deep gas production from new OCS leases issued in Sale 178 (March 2001), and is considering various options for offering incentives to explore and produce deep gas from OCS blocks that have been leased in previous sales.

The MMS estimates that the potential of undiscovered resources for deep gas (more than 15,000 feet below sea level) in the Gulf of Mexico OCS are approximately 5 to 20 trillion cubic feet (Tcf), with the most likely value estimated at 10.5 Tcf.

Annual gas production from Federal waters of the Gulf of Mexico has exceeded additions to proved gas reserves every year since 1984, causing a decreasing trend in remaining proved gas reserves. New discoveries of deep gas on the OCS offer the best short-term opportunity for achieving the large reserve additions and necessary high flow rates to offset declining gas production, which has been falling since 1997. Recent deep gas discoveries on the OCS have shown these new completions can produce as much 20 to 80 million cubic feet per day (MMcfpd).

Approximately 78 percent of total gas production from Federal waters of the Gulf of Mexico was produced from less than 200 meters water depth in 1999. The abundance of platforms, producing facilities, and pipelines on the shelf will allow new deep gas production to flow quickly to the market to help meet increasing U.S. demand for gas.

You can obtain copies of the report from the Minerals Management Service, Gulf of Mexico OCS Region, at no charge by referencing OCS Report MMS 2001-037. You will be able to obtain this report also from the National Technical Information Service in the near future. Here are the addresses. You may also inspect copies at selected Federal Depository Libraries. The text is also available at the Region website, <http://www.gomr.mms.gov/homepg/whatsnew/publicat/gomr/gomrcat.html>.

Minerals Management Service
Gulf of Mexico OCS Region
Public Information Office (MS 5034)
1201 Elmwood Park Boulevard
New Orleans, Louisiana 70123-2394
Telephone requests may be placed at
(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
(703) 487-4650 or FAX: (703) 321-8547
Rush Orders: 1-800-336-4700

MMS is the federal agency in the U.S. Department of the Interior that manages the nation's oil, natural gas and other mineral resources on the outer continental shelf in federal offshore waters. The agency also collects, accounts for and disburses mineral revenues from federal and Indian leases. These collections totaled nearly \$8 billion last year and more than \$110 billion since the agency was created in 1982. Annually, nearly \$1 billion from those revenues go into the Land and Water Conservation Fund for the acquisition and development of state and federal park and recreation lands.

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MMS's Website Address: <http://www.mms.gov>

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