



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

Technical Announcement

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Deepwater Gulf of Mexico 2004: America's Expanding Frontier

OCS Study MMS 2004-021
2004-021 Errata

The Minerals Management Service (MMS) announces the availability of the publication *Deepwater Gulf of Mexico 2004: America's Expanding Frontier*. The deepwater Gulf of Mexico (GOM), water depths of 1,000 ft or greater, emerged as an important oil and gas province at the turn of the millennium. Deepwater GOM oil production exceeded shallow-water GOM oil production in early 2000 and accounted for 61 percent of the oil production in 2002. Production from the deepwater frontier grew to an estimated 959,000 barrels of oil per day and 3.6 billion cubic feet of natural gas per day by the end of 2002. These pronounced increases are expected to continue in view of high levels of exploratory drilling, development activity, pipeline construction, and shore support activities.

This report is divided into five sections.

The Background section discusses

- highlights of current deepwater GOM activity,
- new discoveries and geologic plays,
- environmental issues,
- technology concerns, and
- the existing deepwater infrastructure.

The Leasing section discusses

- historical water-depth and bidding trends in deepwater leasing,
- leaseholdings of major oil companies compared with those of nonmajor oil companies, and
- future deepwater lease activity.
- The Drilling and Development section discusses
 - deepwater rig activity,
 - historical drilling statistics,
 - the transition to deeper wells and deeper water,
 - the complexity of deepwater development systems, and
 - the progress of deepwater infrastructure development.
- The Reserves and Production section discusses
 - historical deepwater reserve additions;
 - large future reserve additions associated with recently announced discoveries;
 - discoveries in new, lightly tested plays with large potential;
 - potential for numerous, large future deepwater field discoveries;
 - historical trends in deepwater production;
 - deepwater production from various companies; and

- high deepwater production rates.

The Summary and Conclusions section discusses

- increasing deepwater oil and gas production and anticipated new fields;
- expected increases in deepwater discoveries (these expectations are based on drilling of the large deepwater lease inventory);
- lags between leasing, drilling, and initial production;
- difficulties evaluating deepwater leases before their terms expire; and
- significant changes since the 2002 report.

The large volume of active deepwater leases, the steady drilling program, and the growing deepwater infrastructure all indicate that the deepwater GOM will continue to be an integral part of this Nation's energy supply and remain one of the world's premier oil and gas basins.

Deepwater Gulf of Mexico 2004: America's Expanding Frontier is a thorough revision and updating of a previous report published in 2002. Copies of this new report can be obtained in either paper or compact disc format from MMS, Gulf of Mexico OCS Region, free of charge by referencing OCS Report MMS 2004-021. The entire report can be found on the MMS website: <http://www.gomr.mms.gov/PDFs/2004/2004-021.pdf>. 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
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

The Minerals Management Service 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 American Indian lands. MMS disbursed more than \$8 billion in FY 2003 and more than \$135 billion since the agency was created in 1982. Nearly \$1 billion from those revenues go into the Land and Water Conservation Fund annually for the acquisition and development of state and Federal park and recreation lands.

MMS Main Website: www.mms.gov
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