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NEWS RELEASE

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MMS Publishes Proposed Rule on Exploration Under Salt Sheets

Today, the Minerals Management Service published a proposed rule in the Federal Register that allows MMS to grant leaseholders additional time to analyze complex geophysical data in areas under salt sheets. This rule would allow the agency to give companies up to three years additional time to identify and define drilling targets.

"The MMS estimates that 6 to 16 trillion cubic feet of gas may lie beneath salt, and we estimate that this initiative might yield an additional 200 to 500 billion cubic feet of gas production in 2008 through 2010," said Acting MMS Director Lucy Querques Denett.

Oil and gas leases in certain areas of the Gulf of Mexico often contain salt sheets that, even with today's technology, make it difficult to obtain a clear image of the subsalt geology.

"New developments in the ability of geologists to find oil and gas under salt structures in the Gulf could result in increased production from areas thought to be depleted of reserves. However, this analysis is more complex and requires more time," said Denett.

Several studies, including the report of the National Petroleum Council, indicate that the demand for natural gas will grow from the current 22 to 29 TCF of gas in the year 2010. This rule will help increase natural gas and oil production in the OCS to help meet the nation's growing energy needs.

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 revenues totaled nearly \$8 billion last year and more than \$119 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 Internet website address: <http://www.mms.gov>