

The NewsRoom

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Minerals Management Service Approves Development Plans for First Use of Floating Production Storage Offloading Facility in Gulf of Mexico

Cascade-Chinook Project will use FPSO in deepwater Gulf of Mexico

New Orleans--Minerals Management Service's Gulf of Mexico Region approved today development plans for the Cascade-Chinook oil and natural gas project located in the Walker Ridge area of the Gulf of Mexico, approximately 165 miles offshore Louisiana in 8,200 feet of water. Operated by Petrobras, these projects will involve the first use in the Gulf of a Floating Production Storage and Offloading (FPSO) facility. MMS approved the project after a thorough environmental and technical review.

An FPSO is a floating facility that has the capability to process oil and natural gas, store the crude oil in tanks located in the facility's hull and offload the crude to shuttle tankers for transportation to shore. Any natural gas processed will be transported to shore by pipeline. Petrobras' FPSO will be equipped with a disconnectable turret. In the event of a hurricane or tropical storm, the facility is designed to disconnect from the turret and move off location until the storm has passed.

"This is an important step for Petrobras and all oil and gas operators exploring in deepwater Gulf of Mexico," explained Lars Herbst, regional director for the MMS Gulf of Mexico Region. "The FPSO and many associated first-use technologies lead the way in providing the infrastructure necessary to produce safely in the Gulf's ultra-deepwater."

Oil and gas operators in the Gulf submit their development plans in a package called a Development Operations Coordination Document (DOCD). The document outlines the operational plan for developing the project including timelines for drilling wells and installing production facilities as well as geological and geophysical information. The document also identifies any specific environmental issues that must be addressed including safety and pollution prevention.

"The Cascade-Chinook project will be the first production from deep discoveries in the Lower Tertiary trend of the Walker Ridge and Keathley Canyon areas of the Gulf," noted Herbst.

The specific environmental issues are addressed through a site-specific Environmental Assessment. Prepared by MMS, the assessment analyzes the potential environmental and socioeconomic impacts of the oil and gas activities associated with the Cascade-Chinook project. The analysis resulted in MMS issuing a "Finding of No Significant Impact;" this allows the project to continue the development process.

The next step in the development process is the MMS review of Petrobras' Deepwater Operations Plan (DWOP). The plan, which outlines the specific details and capabilities of the FPSO facility and associated new technologies, must be approved before production can commence.

In preparation for this first use of an FPSO in the Gulf of Mexico, MMS has worked with the U.S. Coast Guard to identify and clarify responsibilities in a Memorandum of Agreement (MOA). MMS regulates oil and natural gas activities such as exploration, drilling, well completion, development, production, pipeline transportation, storage, well servicing, and workover activities while the U.S. Coast Guard regulates offshore facilities, mobile offshore drilling units and vessels engaged in oil and gas activities such as tank vessels and offshore supply vessels. Through the MOA signed by both agencies in February 2008, responsibility is assigned to each

agency for regulating or approving specific systems associated with the floating facility.

Contact:

[Eileen Angelico](#) 504-736-2595

[Caryl Fagot](#) 504-736-2590

[MMS: Securing Ocean Energy & Economic Value for America](#)
[U.S. Department of the Interior](#)