

The NewsRoom

Release #: 3123

Date: August 19, 2004

MMS Provides New Encouragement for Deep Gas

MMS has issued a new Notice to Lessees and Operators (NTL) to further encourage the exploration for deep gas on the shelf area of the Gulf of Mexico at ultra-deep depths, "NTL 2004-G16, Suspension of Operations (SOO's) for Drilling Ultra-Deep Wells Under Salt Sheets."

According to Gulf of Mexico Regional Director Chris Oynes, "MMS learned from some companies that the period MMS was using to grant suspensions of operations for exploration beneath salt sheets at ultra-deep depths (greater than 25,000 feet) was very likely to be inadequate." The suspension, which extends the term of the lease, is necessary to allow adequate time to conduct geophysical evaluations to find a drillable target.

MMS issued the NTL pursuant to 30 CFR 250.175(b), which governs the granting of suspension of operations (SOO) for exploration beneath or adjacent to salt sheets. This NTL provides guidance for operators to request SOO's for drilling ultra-deep wells affected by salt sheets and informs operators that a departure may be obtained to the requirements contained in 30 CFR 250.175(b)(2).

To be eligible for such a departure, the lease must have been in its primary term on or before August 1, 2002; the potential target must involve drilling below 25,000 feet true vertical depth subsea; the operator of the lease must have also acquired and interpreted full 3-D depth migrated geophysical data beneath the salt sheet and over the entire lease area before the end of the fifth year of the primary term; and the operator must submit a reasonable schedule of work leading to the commencement of drilling.

"MMS believes the ultra-deep frontier offers the potential for significant resources, but with accompanied high economic and technological risks," said Oynes. "MMS recognizes the importance of expediting domestic exploration to address the critical national need. To that end, MMS sees that this NTL is in the national interest to expedite exploration for new sources of hydrocarbons at these ultra-deep depths."

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.

Relevant Web Sites

[MMS Main Website](#)

[Gulf of Mexico Website](#)

Media Contacts

[Debra Winbush](#)

(504) 736-2597

[Caryl Fagot](#)

(504) 736-2590