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MMS ANNOUNCES FIRST APPROVAL FOR USE OF CELL SPAR AS NEW TECHNOLOGY

The Minerals Management Service (MMS) today announced that it had given broad approval for use of the world's first cell spar in a deepwater oil and gas project. The approval came as part of a Conceptual Deepwater Operations Plans (DWOP) review of Kerr-McGee's "Red Hawk" project. The project will be located in 5,300 feet of water. Kerr-McGee Oil & Gas Corp. operates Red Hawk with 50 percent interest, and Ocean Energy holds the remaining 50 percent.

"MMS has a responsibility to thoroughly review new technology for safety and reliability," said MMS Director Johnnie Burton. "We take this responsibility very seriously, and after a careful evaluation, have approved the use of cell spars in deepwater."

The Red Hawk field is located on Garden Banks Block 877 and will be developed using new technology — the world's first cell spar and the second permanent use of synthetic moorings in the Gulf of Mexico. This innovative spar, which is the third generation of spar technology, reduces the reserve threshold needed for an economical development in deep waters. Kerr-McGee has selected Technip Offshore, Inc. (TOI) to construct the cell spar for the development.

This cell spar will measure 64 feet in diameter and 480 feet in length. It will be composed of seven tubes, each 20 feet in diameter, with a center tube surrounded by the other six tubes, all connected by structural steel. The deck will be 110 feet by 132 feet. The synthetic mooring consists of high strength polyester fiber which provides a level of protection equivalent to or greater than that of steel wire rope systems, while reducing the vertical loads on the spar hull in deepwater projects.

In order to approve the Conceptual Part of the Red Hawk DWOP, the MMS reviewed such issues as the cell spar

buoyancy compared to that of traditional spars, Kerr-McGee's plan for hull inspections in the interstitial spaces between the cells, and the general response of the cell spar to vortex-induced vibration. Additionally, the Conceptual Part of the DWOP addressed general design basis and philosophy used to develop the Red Hawk field. This provided an early opportunity for MMS and Kerr-McGee to agree on a plan of development prior to major expenditures for the cell spar engineering design.

Later, Kerr-McGee will be required to submit a more detailed version as a Preliminary DWOP. During the review of the Preliminary Part of the DWOP, the MMS will be conducting a detailed structural analysis of the cell spar technology to ensure the project is in compliance with American Petroleum Institute Recommended Practice 2 FPS.

The DWOP is designed to address the concerns of both industry and MMS, by allowing the operator to know that their proposed methods of dealing with situations not specifically addressed in the regulations are acceptable to MMS. The DWOP provides MMS with information specific to deepwater equipment issues to demonstrate that a deepwater project is being developed in an acceptable manner as mandated in the OCS Lands Act, as amended, and Federal regulations at 30 CFR 250. The MMS reviews deepwater development activities from a total system perspective, emphasizing operational safety, environmental protection and conservation of natural resources.

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 American Indian leases. These revenues totaled over $6 billion in 2002 and nearly $127 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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