



**U.S. Department of the Interior
Minerals Management Service
Office of Public Affairs**

NEWS RELEASE

FOR RELEASE: November 19, 2003

CONTACT: Barney Congdon
(504) 736-2595

Release # 3012

Caryl Fagot
(504) 736-2590

Debra Winbush
(504) 736-2597

Deep Shelf Gas May Be More Abundant in Gulf than Earlier

Forecast Probabilistic Estimate Increases by 175%

Natural gas may be more abundant in the deep shelf area of the Gulf of Mexico than originally forecast. Officials from the Department of the Interior's Minerals Management Service announced a 175% increase in their new resource estimate during a news conference in Houston today.

Recent natural gas price spikes and volatility have attracted the interest of government policymakers and industry to consider new sources of the prized commodity. Natural gas, the lifeblood of many American homes and industries, accounts for 23% of all energy consumed in America. Half of all American homes, about 56 million, are heated by natural gas. The deep shelf lies 15,000 feet or greater below the outer continental shelf in water depths up to 656 feet. Much of the deep shelf is accessible to energy producers from existing infrastructure in the Gulf.

According to MMS officials, new data, and a better understanding of the deep gas potential due to recent discoveries have led them to increase their resource estimate to up to 55 trillion cubic feet (tcf) of gas. The number is up from the previous estimate of up to 20 tcf. If converted into electricity, 55 trillion cubic feet of natural gas could provide nearly a 3 year energy supply for every home in America. The MMS uses a complex series of calculations to account for the probability of discovering recoverable amounts of gas. The new estimate is seen as the possible greatest amount of natural gas in this region.

MMS Director R. M. "Johnnie" Burton called the new estimate "a very hopeful sign of where additional natural gas supplies may be found for the American public." She added, "The Department of Energy is predicting supply shortfalls. It is imperative to find diverse sources of natural gas. Transportation of liquefied natural gas via tankers will be very helpful. But, gas discovered domestically in very deep waters

of the Gulf or in shallow waters but deep into the shelf remains a key supply source.” (Creating liquefied natural gas is a burgeoning industry that uses a cryogenic process to liquefy the gas, making transportation from overseas locales to U.S. markets possible without pipelines.)

Overall, deep shelf gas production has increased by an estimated 137 billion cubic feet between 2000 and 2002. Production in 2000 was 284 bcf, while an estimated 421 bcf was produced in 2002. New wells coming online could help raise this production level (see Table 1). So far this year 66 new deep shelf wells have been started by energy producers.

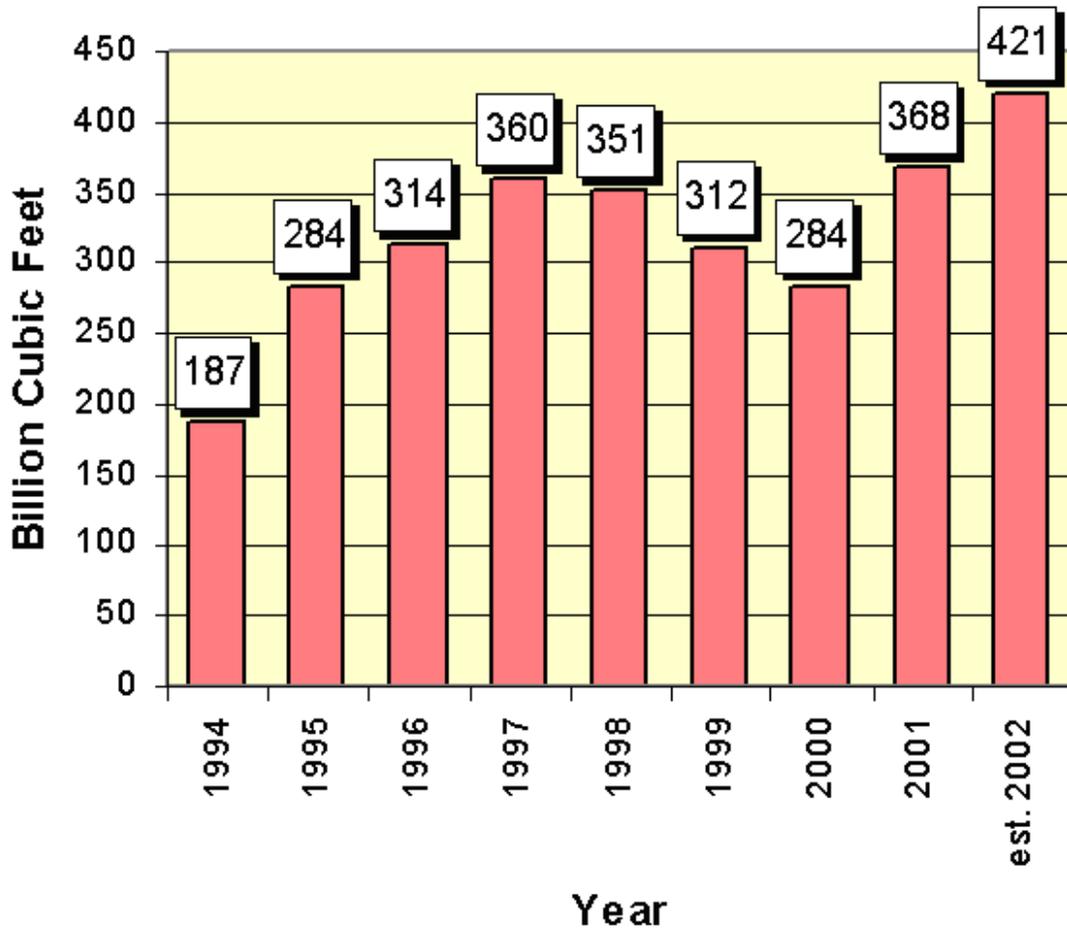
MMS revised its estimate based on:

- Better understanding of deep potential derived from recent deep discoveries that are now producing (Anadarko’s Hickory, El Paso’s ST 204, and Shell’s Alex Discoveries)
- Recently announced large discoveries (McMoRan’s “JB” Mountain and Mounds Point in South Marsh Island)
- New seismic data acquired and processed using the latest technology to improve imaging at increased sub-surface depths
- Conceptual plays (an area with potential for natural gas resources) that can be outlined and mapped using the new seismic data and incorporating gravity and magnetic data in MMS interpretations.

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.

NOTE TO EDITORS: Attached to this news release is a table for your use. Table 1. 1994-2002 Gulf of Mexico Deep Shelf Gas Production.

Gulf of Mexico Deep Shelf Gas Production 1994 - 2002



Note: Norphlet production is not included in deep shelf production

-MMS-

MMS Internet website address: <http://www.boem.gov>