

Minerals Management Service Releases Details of Drilling Rigs Destroyed from Hurricane Ike

Confirmation of destruction and damage reports from offshore operators continues.

NEW ORLEANS — Offshore operators continue to report damage from Hurricane Ike to the Minerals Management Service (MMS) Gulf of Mexico Regional Office. This information is compiled and used by MMS staff in reviewing and approving repair plans submitted by the oil and gas operators in order to resume oil and gas production from the Gulf of Mexico.

MMS estimates that from September 13, 2008 through September 14, 2008, approximately 1,450 oil and gas production platforms in the Gulf of Mexico were exposed to hurricane conditions, winds greater than 74 miles per hour. As of August 2008, there were more than 3,800 production platforms in the Gulf of Mexico; these structures range in size from single well caissons in water depths of ten feet to a large complex facility in water depth greater than 7,000 feet.

Offshore Infrastructure Destroyed –

As of September 29, 2008, 52 of the 3,800 offshore oil and gas production platforms have been confirmed as destroyed. Initial estimates are that the 52 destroyed production platforms produced a total of 13,300 barrels of oil per day and 90 million cubic feet of gas per day. (See table below.) Currently, MMS has no information on whether any of the destroyed platforms will be rebuilt by any operator.

Number of Destroyed Platforms as of 9/29/08	Classified by Daily Oil Production Rates
47	Less than 1,000 barrels per day
5	1,000 to 5,000 barrels per day
0	Greater than 5,000 barrels per day

MMS is releasing today additional details on the four drilling rigs that had been confirmed as destroyed by Hurricane Ike.

Destroyed Drilling Rigs as of 9/29/08	Operator/Lessee	Location - Area/Block
EnSCO 74	Mariner Energy, Inc.	South Marsh Island 149
Pride Wyoming	Apache Corporation	Ship Shoal 283
Mad Dog Spar Rig	BP Exploration & Production, Inc.	Green Canyon 782
Rowan Anchorage	Newfield Exploration Co.	Vermilion 201

Damage Reports –

Damage reports have been defined by the estimated time it will take to make the repairs. For damage reporting purposes, MMS is considering that all platforms experiencing hurricane strength winds have the potential for minor damage. Repairs and resumption of production from facilities with minor damage can be expected to occur in less than one month. Examples of damage that would be considered minor might include missing heliport skirting, missing hand rails and pieces of grating or damaged boat landings.

As of September 29, 2008, MMS has received reports that indicate 32 platforms with extensive damage which may take from three to six months to repair. Examples of damage that would be considered extensive could include underwater structural damage or major damage to pipelines carrying the oil or natural gas to shore.

Additional reports show that 41 platforms received moderate damage taking one to three months before production can be restored. Damage that would be considered moderate may include major topside damage to critical process equipment such as the platform's compressor or damaged risers or flex joints where pipelines connect to the platforms.

In respect to drilling rigs damaged, MMS has confirmed a report of one jack-up drilling rig with extensive damage.

Pipeline Assessments -

To date, MMS has received reports of eight gas transmission pipeline systems with damage. Analysis of the impact that this damage may have on resuming production is underway. Operators have begun to test and inspect other pipeline systems to evaluate the full extent of any damage. Considering the large impacted area, it will take some time to complete the inspections.

Sheen/Spill Observations -

Visual inspections of sheens/spills are being conducted as reports are received. MMS will compile and release sheen reports upon completion of the reporting and confirmation process. As previously reported, there was one report of a release totaling 200 barrels of oil during the hurricane event. Upon investigation, no sheen was observed. It is expected that the oil dissipated through the course of the hurricane. There have been no reports of oil impacting the shoreline or affecting birds and wildlife from releases in the Gulf of Mexico federal waters.

Resuming Production –

Production from the Gulf of Mexico accounts for 25 percent of the oil produced domestically and 15 percent of the natural gas produced domestically. As of June 2008, daily production estimates for the Gulf of Mexico were 1.3 million barrels of oil and 7.0 billion cubic feet of gas. Since that time, gas production from the Independence Hub facility increased and in August 2008 gas production from the Gulf was estimated at 7.4 billion cubic feet of gas per day.

Working with oil and gas operators, there are tools that can be used to assist in resuming production which is curtailed because of damaged pipelines. These tools include barging,

temporary flaring, and re-routing of product through other pipelines. Use of these tools requires that offshore operators submit requests to MMS for approval.

Updated damage assessments will be issued as needed.

—MMS—

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FOR RELEASE:
Tuesday, September 30, 2008