Science and technology's role in energy security

by Thomas Readinger, Associate Director, Minerals Management Service

In the ongoing discussion of our Nation's energy consumption, production and dependency, one fact often omitted is that the United States is still the third largest producer of oil in the world. A major contributor to this engine of production is the offshore public land of the United States that we call the outer continental shelf (OCS). The OCS today accounts for about 30 percent of domestic oil production and about 27 percent of domestic natural gas production.

These resources come from about 40 million acres of public land – an area nearly the size of Oklahoma. The ability to produce this much oil and gas safely and without major environmental effects is testament to the effectiveness of safety systems employed by industry and supported by the regulatory mechanisms of the federal government.

Two recent events reinforce this conclusion. First, in September 2002, over 4,000 oil and gas facilities and about 25,000 workers were evacuated not once, but twice, when two tropical storms and one hurricane passed through the Gulf of Mexico. These facilities and workers usually produce about 1.8 million barrels of oil and 14.5 million cubic feet of natural gas per day and the evacuations resulted in no loss of life and no significant injuries.

After the storms had passed and extensive damage assessments were completed, only 10 out of the 800 facilities in the direct path of these storms were damaged seriously enough to prevent them from returning to service.

Pollution prevention measures were also effective during the storms and hurricane, as there were only nine reported incidents resulting in about 400 barrels spilled — one-third of which was recovered.

Also in September 2002, the National Academy of Sciences released its third *Oil in the Sea* report. This 2002 study of how oil gets into the ocean is an update to two previous editions published in 1975 and 1985.

A major finding of the 2002 report is that the amount of oil spilled into the oceans worldwide from offshore oil and gas industry activity is small, about 4 percent of the total, compared to major sources, such as municipal waste and runoff, natural seeps and marine transportation. In addition, over the last 30 years this amount has remained essentially the same while offshore oil production worldwide has increased by over 200 percent. The record is even better when only U.S. domestic waters are considered. In fact, more oil seeps naturally into U.S. offshore waters in three days than was spilled from offshore oil and gas operations during the entire year.

Tom Readinger

A key component of the Minerals Management Service regulatory regime is our peer-reviewed science and engineering research programs. Our program of environmental study, in operation since 1974, has funded millions of dollars worth of studies to academic and private institutions in completing over 900 research projects.

The MMS technology and research assessment program was established in the 1970's, and then incorporated into the requirements of the OCS Lands Act in 1978, to ensure that industry operations in federal waters use the best available and safest technologies.

The contributions of both these programs have been essential in helping MMS staff to identify offshore areas to lease; to develop mitigation measures that industry must implement in their exploration and development programs; and to write regulations that mandate safety systems and processes that ensure a safe workplace and protect the environment.

In addition, some of our research programs have helped to spur the development of alternative technologies for offshore activity.

Let me give you a few examples. In November 2002, MMS approved a deepwater oil and gas project that includes the first permanent use of synthetic (polyester) moorings to anchor a floating platform to the seabed. (see story pg. 4)

The synthetic mooring consists of high strength polyester fibers that provide a level of protection that is equivalent or greater to that of steel wire rope systems, while reducing the vertical loads on the facility's hull.

We became convinced of the safety and reliability of this approach after participating in extensive testing and review.

The MMS previously participated in nine joint industry projects (JIPs) and studies on synthetic moorings with $765,000 in research funding directed towards this effort. As part of these projects, the MMS worked with the United Kingdom's National Engineering Laboratory to study fatigue of polyester moorings and to evaluate the long-term durability of fiber ropes in a marine environment.

Additionally, MMS participated in and sponsored three workshops to increase the understanding and practical use of synthetic moorings worldwide. These workshops were instrumental in the development of the American Petroleum Institute's industry-wide recommended practice for the use of synthetic moorings

One issue that is currently of worldwide concern and could have serious impact on the offshore oil and gas industry is the issue of noise in the ocean and its effects on marine mammals – specifically whales. Exploration for oil and gas offshore has been greatly enhanced over the last two decades by the development and increased availability of 3D seismic data.

This geophysical tool is now an essential component of every company's exploration plan. A byproduct of seismic data collection is noise beneath the sea surface.

Past MMS-sponsored studies have shown that at least several hundred sperm whales live in northern Gulf of Mexico waters. As the offshore petroleum industry moves into deeper waters, the potential for interaction

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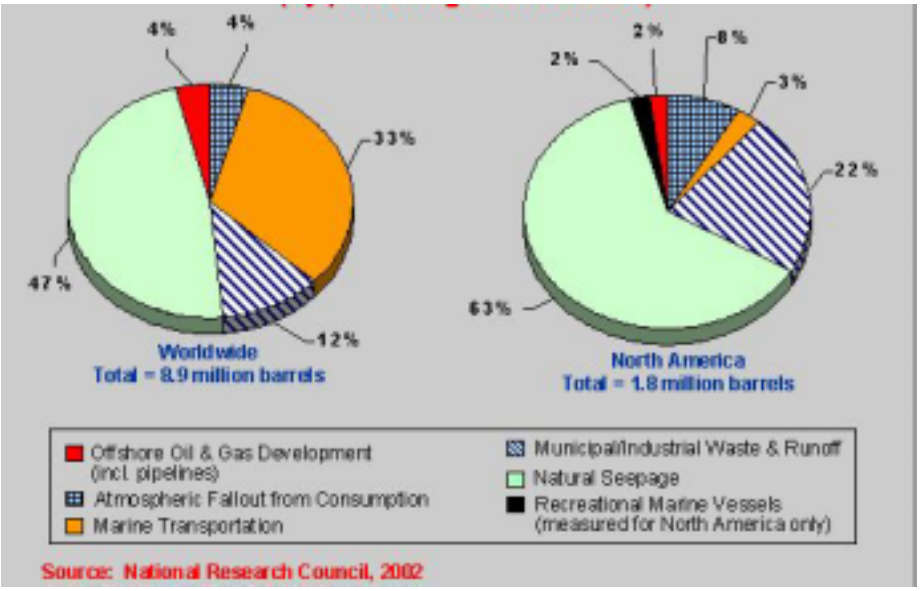


Sources of oil in the sea worldwide and in the North American marine environment

with sperm whales and other deep water cetaceans increases.

In September 2002, we announced the results of the first cruise in a multiyear study in the Gulf of Mexico to ascertain the effects of seismic generated noise on marine mammals.

Ultimately, the results will be used by MMS to evaluate what effects seismic surveys may have on sperm whales; whether some areas of the Gulf represent preferred locations for whales; and what actions would mitigate adverse effects on these whales. Researchers around the world will use this study's results.

These are only two examples of the type of research that MMS is funding in an effort to fully understand the effects of oil and gas exploration and production on the marine environment.

As the United States discusses the need for diversity in energy supply to enhance our energy security, we must appreciate the inherent impact of these choices. Although the oil and gas industry has proven that it can develop energy resources throughout a range of environments and working conditions, MMS environmental studies and engineering research provide information that is essential to making the decision of where and how to allow that development to proceed.

As MMS enters its 21st year of safely managing the offshore oil and gas industry, we look forward to the next 20 years and the challenges that will ultimately come.

We are convinced that offshore oil and gas development, supported by a Federal regulatory system that incorporates sound scientific research into its decision making processes, will continue to play an important role in securing a safe and dependable energy supply for our nation.

Environmental considerations are key in effectively managing the offshore oil and gas industry: Pictured, a whale passing close to offshore activity. Scientists are paying close attention to what effect seismic noise may have on whale behavior

MMS manages development of 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.

New technologies for offshore drilling

by James R..Grant, Mike Conner, and G. Ed Richardson
Minerals Management Service

From medical advancements to the latest cellphone gadgetry, new technology daily affects our lives and our workplace. Because of its potential impact on people and environments, new technology requires careful evaluation to ensure its safety and efficacy.

When a new idea is proposed for offshore oil drilling, for example, the Minerals Management Service carries out intensive studies to determine whether the product or technology can be used safely and what impact it will have on the environment. If it doesn't meet stringent tests, it is not approved.

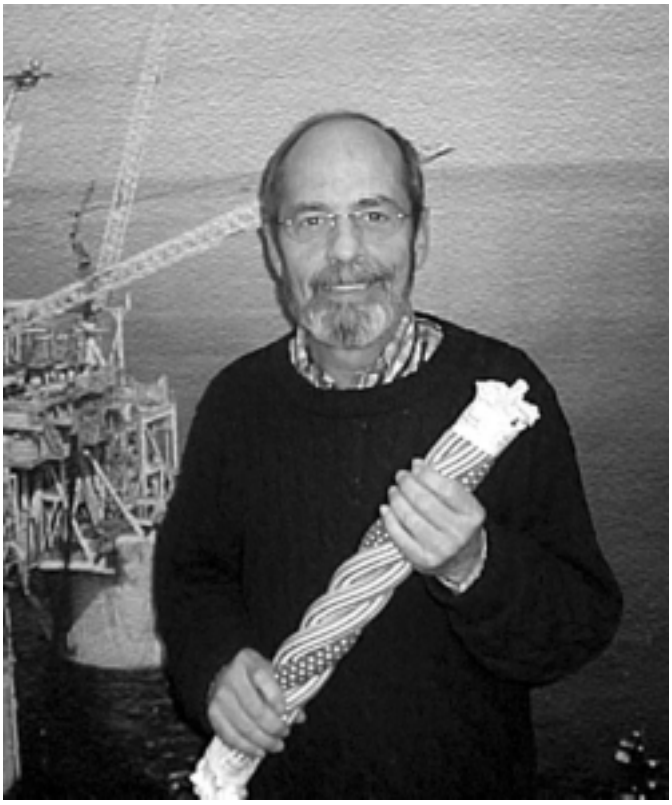
Two new technologies - advanced cell spar offshore production structures and synthetic moorings -were meticulously scrutinized during recent MMS approval processes.

Cell spars are giant structures that extend beneath a production platform to provide buoyancy, stability, and gas storage. The world's first cell spar floating production platform, Red Hawk, will soon be deployed in the Gulf of Mexico.

The Red Hawk cell spar measures 64 feet in diameter by 480 feet in length. The design includes seven tubes, each 20 feet in diameter, with a center tube surrounded by the other six tubes, all connected by a structural steel matrix. The structure supports a deck that is 110 feet by 132 feet.

The cell spar will have an initial daily production capacity of 120 million cubic feet of gas, with ultimate capacity of 300 million cubic feet. The cell tubes can be built in the United States, reducing costs through competitive bidding and cutting transportation costs.

"This innovative spar, which is the third generation of spar technology, reduces the reserve threshold needed for an economical development in deep waters," said Russell Hoshman, MMS coordinator for the Red Hawk project.



Mike Conner. Deepwater Operation's Plan coordinator, holds a sample of synthetic mooring

Operated by Kerr-McGee Oil & Gas Corp. and its partner, Ocean Energy, Red Hawk will be moored in 5,300 feet of water. The Red Hawk field is located approximately 175 miles off the coast of central Louisiana. In addition to cell spar technology, the project also will use synthetic moorings, another new tecnology that has won MMS conceptual approval.

Synthetic moorings made of high-strength polyester fiber have been developed to anchor deepwater oil and gas platforms to the seabed. The moorings provide an equivalent level of protection, or greater, than steel wire rope systems, while reducing the vertical loads on the spar hull. The traditional moorings currently used for offshore facilities are generally much larger, 11 inches in diameter, and heavier than the synthetic ones.

"The technology will be used in the Gulf of Mexico as part of BP's Mad Dog Project," said Mike Conner, who leads the MMS evaluation team. This is the first use of polyester ropes for a Spar-based floating production system and a first for a permanent mooring system in the gulf.

The agency approval of this technology followed an intensive review process. MMS Director Johnnie Burton hailed the approval as "an example of how we can work with industry to approve the use of new technology and lower costs while at the same time providing for safety and meeting MMS's regulatory responsibilities."

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New technologies

from previous page

The Evaluation Process

Offshore oil and gas operators which use new technology on exploration and production platforms submit these concepts to MMS for review through the agency's Deepwater Operations Plan.

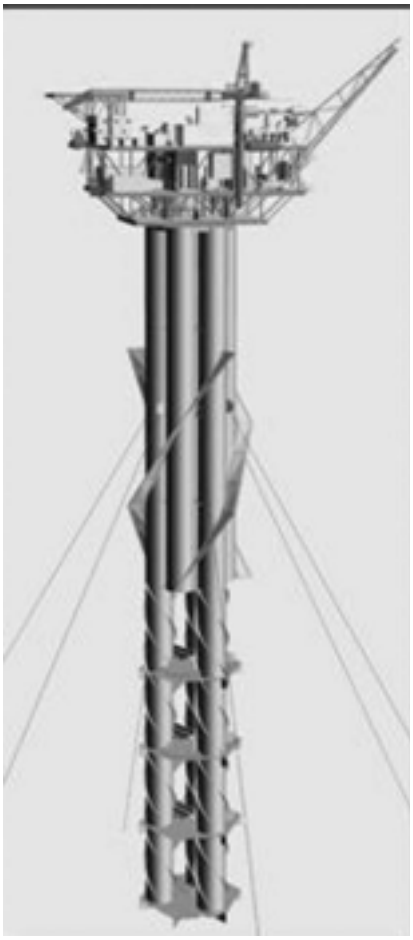
The evaluation of the cell spar and synthetic moorings technologies required a concerted effort by government and industry. The MMS reviews deepwater development activities from a total system perspective, with a full review of engineering standards, and an emphasis on operational safety, environmental protection, and conservation of natural resources.

These studies focus on design, durability, susceptibility to fatigue, and the manner of failure, according to Charles Smith of the MMS Engineering & Research Branch.

For example, during the review of the preliminary part of the plan, MMS conducted a detailed structural analysis of the cell spar technology to ensure the project is in compliance with existing industry regulations.

According to Ed Richardson, senior environmental scientist of the agency's Environmental Assessment Section, MMS regulations that carry out the National Environmental Policy Act also require the preparation of an environmental assessment to evaluate any new and unusual technology.

The assessment contains a description of and need for the technology, alternatives that should be considered, potential environmental effects from the technology, and any impacts from the considered alternatives. It also contains a section on consultation and coordination conducted during the evaluation.



Red Hawk Cell Spar

A key factor during the assessment is how the new and unusual technology will interface with the environment. Impact-producing factors and potential effects on resources are identified and examined. Ultimately, an environmental determination is made on the new technology.

To approve the conceptual part of the Red Hawk Deepwater Operations Plan, MMS reviewed such issues as the cell spar buoyancy compared to traditional spars, Kerr-McGee's plan for hull inspections, and the general response of the cell spar to vortex-induced vibration.

Additionally, the conceptual part addressed general design basis and philosophy used to develop the Red Hawk field. This part 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.

The effort to evaluate the synthetic moorings involved the formation of a major joint industry project. The MMS became convinced of the safety and reliability of synthetic moorings only after extensive testing.

The studies on synthetic moorings were made possible with $765,000 in research funding directed towards this effort. The agency worked in conjunction with the United Kingdom's National Engineering Laboratory to study fatigue of polyester moorings and to evaluate the long-term durability of fiber ropes in a marine environment.

Additionally, the agency participated in and sponsored three workshops to further the understanding and practical use of synthetic moorings worldwide.

The technological changes described here can also be built here. Synthetic ropes, originally pioneered in the United Kingdom, are also manufactured in America.

"More importantly, the use of cell spars, which require a smaller diameter steel, permits fabrication in the United States," Conner noted.

Four C's Award Launched

by Frank Quimby

As part of Interior's effort to instill and encourage the Secretary's conservation philosophy, the Department is introducing an honorary Four C's award to recognize significant contributions of employees in conserving our country's natural resources.

"I encourage all supervisors and managers to use this new award to recognize those employees throughout the Department whose stellar efforts contribute to one of our highest priorities—conservation," Secretary Norton said in announcing the program.

The first presentation of the award is scheduled to be made by the Secretary in early May of 2003 during Public Service Recognition Week.

Norton has made conserving the nation's natural resources one of the Department's top priorities. In doing so, she has introduced an innovative philosophy known as The Four C's—Consultation, Cooperation and Communication, all in the service of Conservation.

The Four C's Award will recognize Interior employees or groups of employees who make exceptional contributions to this effort

Overall, an individual or group/team nominated for this award must demonstrate excellent communicative relationships with all stakeholders involved in decisions that concern our nation's natural resources, creating win-win situations for stakeholders, as well as for the environment.

Nominees must demonstrate balanced working relationships with all stakeholders, including federal, state, tribal, and local governments; private landholders; and, private sector businesses, enabling the Department to make sustainable, environmentally, and economically sound decisions concerning natural resource conservation.

Detailed information about this new award is online at www.doi.gov.

The Office of Personnel Policy will provide further information regarding the nomination, designation of Selection Panel members, and selection schedule.

Burton receives top honors

Interior Secretary Gale A. Norton applauded the naming of MMS Director Johnnie Burton as the top leader among women in the energy field at the 100 Key Women in Energy-Americas awards ceremony this week.

"This award recognizes the fine job Johnnie has done overseeing the effective management of our nation's minerals," Norton said. "Johnnie has a key role in implementing President Bush's National Energy Policy, and has taken the lead in arranging for royalty oil to fill the Strategic Petroleum Reserve. Under her leadership, MMS is providing energy security for our nation's families while protecting our environment for future generations."

MMS collects, accounts for and distributes mineral revenues from federal and American Indian lands. These revenues amounted to more than $6 billion in 2002 and nearly $127 billion since the agency was created in 1982. More than $17 billion have has been invested back into America's parklands and recreational areas through the Land and Water Conservation Fund.

Burton received the award for her outstanding work as MMS director, as well as her twenty five years of involvement in the energy sector in different capacities. Last fall, she won the top award in the leadership category in the 2002 50 Key Women in Energy – Global which was presented at a ceremony in Germany.

Winners of the 50 Key Women in Energy-Global and the 100 Key Women in Energy-Americas awards are selected for contributions to the entire energy "value chain" - from upstream oil and gas exploration to downstream power transmission as well as information technology and overarching environmental issues.

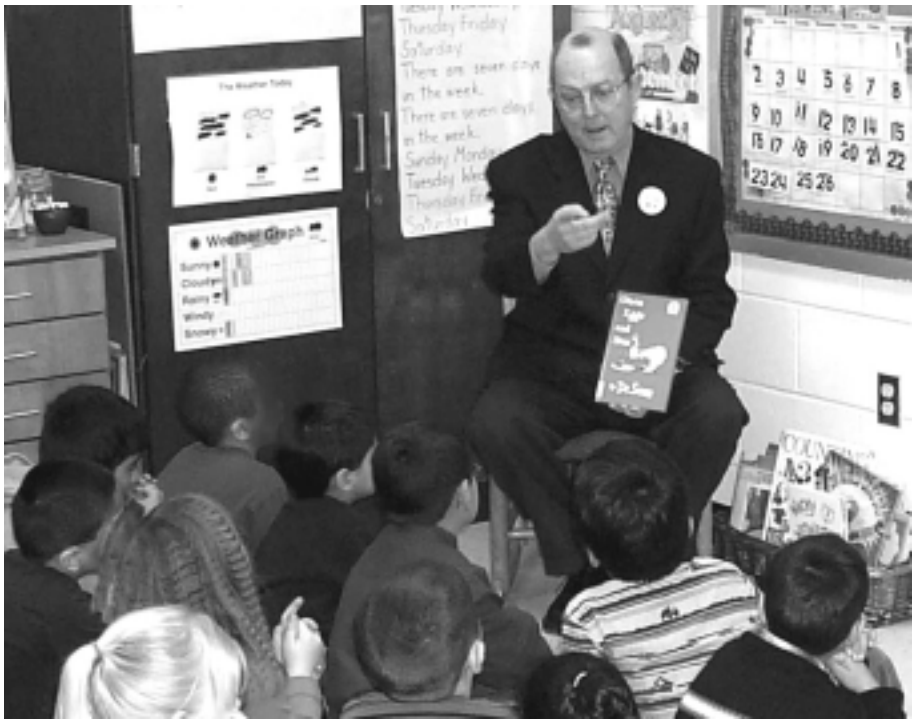
The awards recognize the achievements and contributions of individual women across the energy sector and are given in the following categories: Pathfinders/Trailblazers, Leadership, Wisdom, Innovation/Creativity, Visionary and Potential. Burton won the award in the Leadership category.

Project sponsors of the 2003 Key Women in Energy-Americas awards are Rader Energy, a Houston-based energy consultancy; Bozell Jacobs, EDS, and the New York Mercantile Exchange (NYMEX). Supporting organizations are the Edison Electrical Institute, the Canadian Energy Research Institute, Major Newswire and YES, Inc.

As MMS Director, Burton is responsible for the administration of programs that ensure the effective management of mineral resources located on the nation's outer continental shelf. This includes the environmentally safe exploration, development, and production of oil and natural gas and the collection and distribution of revenues for minerals developed on federal and Indian lands.

Burton's background includes a solid mix of experience in state government, the oil and gas industry and education. Prior to assuming the leadership of MMS, she was the director of the Department of Revenue for the State of Wyoming. For 10 years in the 1980s, Burton ran an oil and gas drilling information company.

News in Brief



Read across America day

Bob Brown, associate director for Administration and Budget, read *Green Eggs and Ham* to students at Herndon Elementary School in celebration of the 6th annual Read Across America Day.

More than 40 million students around the nation participated in the March 3rd event on the anniversary of Dr. Seuss's birthday.

The MMS is a partner in education with Herndon Elementary School, which is located in Herndon, VA.

New report available

Effect of the Oil and Gas Industry on Commuting and Migration Patterns in Louisiana: 1960-1990 is now available.

The oil and gas industry makes up a very important part of the history and economy of coastal states in the Gulf of Mexico (GOM) region.

In Louisiana, the strong impact of the oil and gas industry on revenues and employment is explained by the amount of production and by oil prices, with the latter affecting the revenue and employment structure more strongly after 1974.

This report studies the effect the oil and gas industry had on commuting and migration patterns in coastal and noncoastal areas of Louisiana from 1960 to 1990.

It covers commuting networks and commuting distance, and trend and level patterns of migration; and it quantifies factors and establishes models for predicting commuting and migration patterns.

During the period 1960-1990, the number of commuters increased four-fold from 104,485 to 412,605. Additionally, the 11 coastal parishes of Louisiana received more commuters than the State's 53 noncoastal parishes combined.

Commuters tended to travel from noncoastal parishes to coastal parishes and over the years commute distances increased.

A copy of the report is available in compact disc format. The discs are available from the agency's New Orleans office for $15.00 by referencing OCS Study MMS 2002-072. For telephone orders call (504) 736-2519 or 1-800-200-GULF or FAX: (504) 736-2620

The report can also be found in its entirety at the regional website, **www.gomr.mms.gov.**

The report will be available from the National Technical Information Service in the near future.

Key workshops held in March

The MMS held workshops in March to provide opportunities for the public to discuss possible technical revisions of the Federal Oil Valuation Rule, which is used to determine royalties due on crude oil from federal leases.

Agency representatives believe the regulations, published in March 2000, ensure a fair return on federal resources. However, MMS believes there are some technical issues, like transportation costs and the price indices used in valuing oil from federal leases, that require review and may be in need of refinement.

Oil and gas companies that produce crude oil from federal lands pay a royalty, usually a percentage, of the value of the oil produced from the lease. Generally, when companies sell oil to a non-affiliated third party, they calculate and pay royalty based on the price they receive from that party. They can also deduct from the royalty value the costs of transporting the oil to market.

When oil and gas companies sell oil to an affiliate, however, they must calculate and pay royalty on either the value their affiliate received for the oil or on published market prices. Companies also may adjust the published market prices for differences in the location and the quality of the oil produced from the lease.

During the workshops, MMS received comments on the following:

- The possibility of using different published market prices for valuing crude oil produced from federal leases;
- The calculation of adjustments for the quality of oil and differences in location between oil delivered and received when companies don't have that information at hand;
- What specific transportation costs companies are allowed to deduct;
- The rate of return that companies use to calculate their actual costs of transportation when they own part or all of a pipeline; and
- How companies value oil under a joint operating agreement; i.e., an agreement in which companies jointly develop and produce an oil and gas property.

Smithsonian archives sea creatures

by Walter Bonora

The creature is no more than an inch long, beautifully colored, and loosely resembles a centipede.

"The strange things about this fellow," said Cheryl Bright, "is that it lives off methane gas hydrate mounds in deep ocean waters."

Bright, the collection manager for the National Museum of Natural History's Department of Invertebrate Zoology, was referring to an ice worm, a member of a unique group of species that live in sunless areas of the seabed. The hydrate mounds are crystalline solids of methane and water ices that form under high pressure and low temperatures around vents in the sea floor.

On a recent tour of the museum's invertebrate storage area, Bright explained that the ice worms were discovered in 1997 by scientists working on a Gulf of Mexico study funded by the Minerals Management Service. Scientists found that some sea life, like ice worms and some types of tubeworms and mussels, evolved into chemosynthetic organisms, living off gas from hydrates, much as photosynthetic creatures live off the energy from the sun.

"This ice worm is only one of the many specimens that make up a huge inventory commonly known as the MMS collection," she said. "And this collection accounts for about 15 percent of an even larger group of invertebrates – at last count 34 million – housed in the Smithsonian's Natural History Museum."

MMS scientists send marine organisms ranging from tiny shrimp to fist-sized mollusks to the museum for storage. Gathered by grab samplers, bottom trawl nets, remotely operated vehicles, or manually by SCUBA divers, the organisms are separated from the sediment, identified, and preserved. At the Smithsonian, the specimens are placed in jars of alcohol, catalogued, and shelved for future research and reference.

The agency collects the organisms as part of its scientific monitoring and research. Before exploratory drilling can begin, MMS conducts studies to determine if unique or fragile communities live at a designated site, and if these communities would be harmed by offshore oil and natural gas development.

Ice Worms: residents of the deep living off gas hydrate mounds. The specimen pictured at left was discovered just a couple of hours before the picture was taken during a scientific cruise in 1997.

New to science at the time of discovery, the creature was first described in a journal article in 2000 and was named *Hesiocaeca methanicola.*

photo by Gregory S. Boland.

staff photo

Smithsonian staff Katie Ahlfeld and Valorie Barnes sort specimens to be cataloged.

"The importance of this collection, and why we rely so much on MMS," Bright said, "is that the collection serves as a valuable research tool.

To date, specimens representing 206 new taxa have been made available to scientists as a result of the various MMS surveys. As the agency goes further into deeper waters, new and exciting organisms are being discovered. These specimens are of great importance to future scientific studies, particularly when doing comparative analysis."

For example, scientists can compare the effects of pollutants on species by using data collected today with data available from the past, or with data collected in the future, and make the necessary determinations on protecting species and their environment.

"Data collected from our inventory will also help scientists and decision makers when considering lease sales, and drilling," Bright added.

Tom Ahlfeld, an MMS biological oceanographer overseeing the archiving effort, explained that the agency always looks for ways to improve the quality of taxonomic data provided through its studies.

"In areas where existing literature is insufficient," he said, "we have funded the development of taxonomic guides to assist biological research teams."

Ahlfeld also noted, "The reliable maintenance and ready retrieval of agency collected specimens for future study are invaluable to the scientific community."

The Smithsonian is currently in the process of developing an institution-wide electronic catalog, know as EMu (Electronic Museum). This catalog is on the web at www.nmnh.si.edu/iz/, and will serve as a valuable research tool for scientists worldwide.

One major benefit of the on-line catalog is its multimedia capability. During the cataloging process, a variety of digital image files, such as photographs, line drawings, pdf files of specimen descriptions, and copies of cruise logs can be linked to the specimen's catalog data.

U.S. scientists, as well as researchers from the international community, benefit from the Smithsonian's significant resource and research opportunity. This effort continues to be supported by the U.S. Geological Survey's Biological Resources Division for the MMS as one of its top biological priorities.

Photo captions:

2003 awards in Houston

Safety award finalists announced

by Becky Phipps
Minerals Management Service

Fifteen offshore oil and gas operators were recently selected as finalists for the 2002 National Safety Award for Excellence (SAFE). The Minerals Management Service presents the SAFE awards annually to Outer Continental Shelf oil and gas operators who achieve the best safety and pollution prevention performance records. "These awards recognize a corporate commitment to offshore safety and environmental protection," said MMS Director Johnnie Burton. "We are pleased to recognize this year's SAFE award finalists for their exemplary company performance and we look forward to announcing the winners in April."

The 2002 SAFE finalists and their categories are:

High OCS Activity
Dominion Exploration & Production, Inc.
ExxonMobil Corporation,
Newfield Exploration Company

Moderate OCS Activity
ATP Oil & Gas Corporation
Bois d'Arc Offshore Ltd.
Hunt Petroleum (AEC) Inc.
Nexen Petroleum
TotalfinaElfE&P USA, Inc.
Westport Resources

Drilling Contractor
ENSCO Offshore Company
Rowan Drilling
Transocean Offshore

Production Contractor
Danos & Curole Marine Contractors, Inc.
Island Operating Company
Wood Group Production Services

The MMS established the SAFE awards in 1983 to recognize and honor companies that make a concerted effort to train and motivate their employees to conduct offshore operations in a safe and environmentally responsible manner. Each year, OCS oil and gas operators from the high and moderate categories as well as drilling and production contractors are selected as finalists for the award.

A company that qualifies under the high activity category produces at least 10 million barrels of oil per year and operates a minimum of 1,000 in-service components during the year. A moderate activity company produces at least one million barrels of oil per year and operates a minimum of 100 in-service components during the year. MMS selects one winner from each category.

The 2002 National SAFE Award winners will be announced at the annual MMS Industry Awards program and luncheon. The event will be held April 29, 2003 at the Westin Galleria hotel in Houston.

...International, corporate leadership and regional winners and finalists set

International Leadership awards will go to Gunnar Berge, Magne Ognedal and Odd Bjerre Finnestad, of the Norwegian Petroleum Directorate (NPD) and Taf Powell of the United Kingdom's Health and Safety Executive (HSE)

The four recipients have demonstrated outstanding leadership in facilitating the exchange of information among offshore regulatory agencies, encouraging cooperation on offshore safety and pollution prevention issues, coordinating participation in the development of international standards, cooperating on safety audits and research projects, and compiling incident data.

"The HSE and NPD share our commitment to offshore safety achievement," said MMS Director Johnnie Burton.

"We have benefited greatly from exchanging information and ideas, and jointly addressing common concerns. The MMS regulates an international industry. By cooperating with other regulatory agencies on safety issues, we can facilitate international commerce while minimizing risks to personnel and the environment."

District safety award winners will also be honored at the Houston ceremony. Among the winners in New Orleans are Danos & Curole Marine Contractors Inc., representing the Lafayette District; Spinnaker Exploration Company, L.L.C. representing the Lake Jacskon District, and Rowan Companies Inc. from the Lake Charles District.

In naming this year's winners, Chris Oynes, MMS Gulf of Mexico regional director said, "The winners of the District SAFE Awards have set very high standards for safety by their technical accomplishments and commitment to protection of the environment while conducting federal offshore oil and natural gas operations."

A complete list of winners, including those who received the Corportate Leadership Award, will be listed in the next issue of MMS Today.

Washington D. C.

Deputy Director Wins Presidential Award

Walter D. Cruickshank, MMS deputy director, was recently awarded the Presidential Rank of Meritorious Executive Award.

"We are all very proud of Walter's work for MMS and the Department of the Interior," said MMS Director Johnnie Burton. "I consider myself fortunate to have him as my deputy director."

Winners of this prestigious award have a long-term track record as strong leaders who consistently demonstrate strength, integrity, industry and a relentless commitment to excellence in public service. They are nominated by their agency head, evaluated by boards of private citizens and approved by the president of the United States. The evaluation criteria focus on leadership and results.

A 15-year employee of MMS, Cruickshank has played a key role in the development and implementation of President Bush's National Energy Policy within the Department of the Interior. Another key career accomplishment was the initiation of the royalty-in-kind program at MMS. Under the royalty-in-kind program, MMS is testing the effectiveness of taking royalties "in-kind" as an alternative to the traditional cash payment for collecting mineral royalties.

Cruickshank has been the deputy director of MMS since April 2002. In this capacity, he is the chief operating officer and top policy advisor for MMS Director Johnnie Burton.

Cruickshank received a bachelor's degree in geological sciences from Cornell University in 1981 and a Ph.D. in mineral economics from Pennsylvania State University in 1985.

The son of Dr. and Mrs. Philip A. Cruickshank of Princeton Township, he resides in Maryland with his wife and two children.

Agreement with key shipping group

At table: Robert D. Somerville, ABS President and Chief Operating Officer and Walter Cruickshank. *Standing L to R:* Tom Readinger of MMS, Bill Sember from ABS, Charles E. Smith, MMS Senior Technical Advisor, Bud Danenberger, MMS Engineering and Operations Chief and Bob LaBelle, Offshore Minerals Management Deputy Associate Director

Scientific and technical cooperation in offshore oil, gas and minerals activities will be the focus of a memorandum of agreement signed by the American Bureau of Shipping and the Minerals Management Service.

The purpose of the agreement is to establish a formal framework for the augmentation of scientific and technical collaboration between ABS and the agency with respect to offshore oil and gas operations.

Cooperative activities in these fields may include exchanges of technical information on safety of personnel and offshore installations; cooperative research relative to risk and reliability of operations; fixed offshore facilities, pipelines and floating production facilities (including floating production, storage and offloading facilities); development and evaluation of standards and guidelines; accident or incident investigations; as well as other activities.

"Both ABS and MMS seek to provide mutual support to each other to extend the capabilities of our respective programs and activities," said MMS Deputy Director Walter Cruickshank.

The ABS has long been associated with the traditions of the sea as a not-for-profit, non-governmental ship classification society. Since 1862 when it was chartered by the state of New York, ABS has been deeply involved in marine developments and innovations.

Its mission is to promote the security of life and property on the seas, and protect the natural environment, primarily through the development and verification of standards for the design, construction and operational maintenance of marine and offshore oil and gas facilities.

"It is vital to the credibility and mission of the MMS to maintain close contact with all elements of the offshore community as we meet the many technological challenges associated with deepwater developments," said Cruickshank.

"The MMS and ABS will jointly support standards and guideline developments, as well as cooperative research which will be targeted toward improved safety, pollution prevention and operational efficiency of offshore oil and gas facilities."

California

New award presented to audit committee

The Minerals Management Service recently presented one state and two individuals with its newest award of appreciation, the James B. Griffith Award, for superior contributions to the success of the agency's mission.

During the quarterly meeting of the State and Tribal Royalty Audit Committee (STRAC) in Sacramento, California, MMS Director Johnnie Burton presented the first ever James B. Griffith Awards to the state of Utah, Brenda Petersen of Colorado and Ellwood Soderlind of Wyoming. All of the recipients are longtime participating members of STRAC.

The award was created in honor of Wyoming State Auditor James B. Griffith, who more than 20 years ago, played a key role in getting states and Indian tribes to participate with the federal government in mineral audit activities.

"Jim Griffith's visionary leadership is reflected in this award, which is a reminder of the importance of cooperation between the federal government and the states and tribes in managing our mineral resources," said Burton. "We honor him today, as well as the recipients of the James B. Griffith Award."

The award formally honors states, tribes and selected individuals from STRAC, for their contributions towards improving both the MMS Minerals Revenue Management's compliance program and the cooperative audit programs between MMS and their respective state or tribe.

Utah's State Tax Commission received a group award for its outstanding efforts in managing the cooperative audit agreement it has with MMS. Utah received high marks from MMS for completing audits on schedule, submitting high-quality products, achieving positive program reviews, and for consistently submitting timely and accurate budgets, work plans, vouchers and progress reports.

Brenda Petersen, a senior revenue agent for Colorado, was presented an award for her outstanding contributions to the MMS Onshore Oil and Gas Operational Model and the Compliance Implementation Project Team, as well as her overall assistance in making improvements to agency compliance programs and systems.

Ellwood Soderlind, a supervisory auditor for Wyoming, was cited with an award for his outstanding leadership of STRAC and his significant contributions to mineral compliance activities including the Royalty Policy Committee's Coal Subcommittee.

As part of the MMS mission, the MRM program collects, accounts for and distributes revenues associated with mineral leasing and production on federal and Indian lands. Revenues are shared with states in which the federal leases are located. Last year states received more than $750 million as their share of the federal revenues. Indian Tribes and individual Indian landowners receive 100 percent of the revenues associated with their lands — nearly $200 million annually in recent years.

Made up of members representing 10 states and 8 Indian Tribes, the committee performs much of the audit and compliance work for federal and Indian leases within the boundaries of each state or tribe. Through cooperative audit agreements that each member has with MMS, they have collected more than $340 million in royalties from oil, gas and solid minerals audits since 1985.

Washington D. C.

Science writers meeting held in January

by Becky Phipps

Wherever oil and gas exploration is underway in the outer continental shelf, MMS environmental studies are conducted. In an effort to share some of the latest research from the studies, the MMS Office of Public Affairs held a *Session with Science Writers,* in January. Washington D.C. area science and energy writers were invited.

The latest findings on whales, methane hydrates, social science and chemosynthetics were shared with reporters from Reuters, Knight-Ridder, New York Times and other media outlets.

An example of some of the information presented came from MMS sociologist Rodney Cluck who discussed the crossroads of modernity versus tradition among the Alutiiq people of southcentral Alaska.

Cluck suggests that key cultural resources, such as subsistence and language skills, are being lost as a result of modernization. Oil and gas development is a component of modernization and can be a catalyst for social change in these Alaskan communities. This change could contribute to community detriment or, if done properly, could be utilized as a means to provide community development.

This development could be recognized in the needed form of schools, jobs, hospitals, roads, and perhaps a revitalization of Alutiiq culture by educating young people on their traditional ways. Therefore, development should not be conducted at the expense of the culture but rather as a functioning compatible component of it.

Interest among the invited writers was high, and several stories are anticipated as a result of the event.

NOTE: The next issue of *MMS Today* will be available in electronic format on our website. In order to reduce the number of paper copies we print and distribute, we'd like to know which format you'd prefer. If you'd like to receive an electronic version of *MMS Today*, please send an e-mail to mms.today@mms.gov, with your correct e-mail address.

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