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MMS Updates Damage Assessment from Hurricane Ivan

In the aftermath of Hurricane Ivan, the U.S. Department of the Interior's Minerals Management Service (MMS) continues to monitor the progress made by the oil and gas industry in returning to normal levels of operation in the Gulf of Mexico. About 475,000 barrels of oil per day (BOPD) and about 1.8 billion cubic feet of gas per day (BCFPD) remain shut-in. Based on preliminary information supplied by operators, perhaps as much as 150,000 BOPD and 1.0 BCF/D of the shut-in production may be back on line by the end of October. For the longer term, about 96% of the normal daily GOM production, which is approximately 1.7 million BOPD and approximately 12.3 BCFPD of gas, should be back on line within 6 months.

MMS Gulf of Mexico Regional Director Chris Oynes said, "While significant production from Gulf of Mexico facilities remains shut in due mostly to pipeline damage there is a good likelihood that significant portions of this may be able to return to production in a few months".

According to Oynes, "The companies are engaged in around the clock repair operations and only bad weather is slowing down further progress. For example, the tropical storm Matthew in the Gulf area today is stalling operations." Oynes noted that "the operators are now starting to approach MMS with alternative ways to return to production while pipeline repairs are continuing. MMS expects that some companies will soon request approval for modifications to their past plans to allow offloading of production from a platform to a large tanker and then further offload the production into a shuttle tanker to take to delivery points onshore. This will help restore production ahead of pipeline repairs. MMS will carefully consider the technical and environmental merits and risks of any proposals filed, attach appropriate protective measures, and will closely coordinate the review of all applications with the appropriate government agencies including the U.S. Coast Guard."

During the past several weeks industry has continued to assess damage to their Gulf of Mexico facilities caused by Hurricane Ivan. Of the 4,000 structures and 33,000 miles of pipelines in the gulf, the MMS estimates that 150 platforms and 10,000 miles of pipelines were in the direct path of Hurricane Ivan. A substantial amount of the deferred production is directly attributable to

damage that has occurred along pipeline routes rather than actual structural damage to the producing platforms. Pipelines in mud slide areas off the mouth of the Mississippi River experienced failures and will take a significant effort to locate and repair because the pipelines are buried by as much as 20 to 30 feet of mud. Overall, twelve large diameter pipelines (10" or larger) were damaged in Federal waters. For specific information on the large diameter pipelines that incurred damage, please see the attached table. For specifics on locations of the destroyed platforms and platforms that had major damage, please see the attached tables.

Because industry is still conducting underwater structural damage assessments with divers and Remotely Operated Vehicles, additional information could change the MMS damage summary.

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.

MMS Main Website: www.mms.gov
Gulf of Mexico Website: www.gomr.mms.gov

*** * * MMS: Securing Ocean Energy and Economic Value for America * * ***

Industry reports to MMS that seven platforms were destroyed and six platforms had major damage. Five drilling rigs had major damage. Production lost from five of the destroyed platforms is about 3,100 barrels of oil per day (BOPD) and nine million cubic feet of gas per day (MMCF/D). The other two destroyed platforms did not produce – one was a single disposal well and the other was a gathering facility. Additional information is being developed each day as further assessments are completed. Major damage examples include bent structural supports, rig derricks collapsed, production vessels and piping destroyed, helicopter landing decks overturned, and living quarters collapsed. Major damage does not include the loss of handrails or deck grating for example.

Destroyed Platforms

Operator	Map Area	Block Number	Type of Facility	Water Depth (feet)
Taylor	MC	20	8-pile	479
Forest	MP	98	Braced Caisson	79
El Paso	MP	293	4-pile	232
Noble Energy	MP	293	8-pile	247
Noble Energy	MP	305	8-pile	244
Noble Energy	MP	306	8-pile	255
Chevron	VK	294	Braced Caisson	119

Platforms with Major Damage

Operator	Map Area	Block Number	Type of Facility	Water Depth (feet)	Status
Dominion	MC	773	Spar	5610	Waiting on production equipment and drilling rig repairs
Murphy	MC	582	Spar	2223	Waiting on minor production equipment repairs

Shell	MP	252	4-pile	277	Waiting on production equipment repairs
ChevronTexaco	VK	786	Compliant Tower	1754	Waiting on topside and structural repairs
TOTAL	VK	823	Virgo	1130	Waiting on production equipment and pipeline repair
Shell	VK	956	TLP	3216	Waiting on production equipment and drilling rig repairs

Note: Platforms that did not have major damage but are not producing (shut in) because of damage to a pipeline are not included in this list.

Large Diameter Pipelines with Damage (10" or greater) in Federal Waters Only

Operator	Map Area	Block Number (starting point)	Diameter (inches)	Product	Status
Tennessee Gas Pipeline	SS	144	36	Gas	Recently back on line
Tennessee Gas Pipeline	SS	198	26	Gas	Recently back on line
Tennessee Gas Pipeline	SP	77	26	Gas	Shut in
Southern Natural Gas	MP	293	24	Gas	Shut in
Southern Natural Gas	MP	289	24	Gas	Shut in
Equilon Pipeline LLC	MC	474	18	Oil	Shut in
BP Pipeline	MP	225	18	Oil	Shut in
Southern Natural Gas	MP	306	18	Gas	Shut in
Williams Field Services	MC	20	12	Gas	Shut in
Chevron USA	GI	37	10	Oil	Shut in

Chevron Pipeline	SP	49	10	Gas/Oil	Shut in
Taylor Energy	MC	21	10	Oil	Shut in

Area Key

GI = Grand Isle
MC = Mississippi Canyon
MP = Main Pass
SP = South Pass
SS = Ship Shoal
VK = Viosca Knoll