

A Long Term Look at Oil and Gas in the Gulf and Changes in the Industry

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It has only been a relatively short time since significant production began in the deepwater Gulf of Mexico, yet daily oil production rates are expected to double from 1995 levels by year-end 2002, nearly all of this increase attributable to deep water projects. Exploration and production activities in the next few years will extend even further basinward to large compressional features located in areas beneath and beyond the Sigsbee Escarpment.

While leasing activity has probably peaked, the emphasis will now shift to increased exploration efforts. Some current exploitation trends will continue, such as the emphasis on decreased project cycle times and the use of co-development, satellite, or floating development strategies to exploit marginal fields.

Several industry trends have emerged in the Gulf of Mexico. Large integrated companies have acquired extensive lease holdings in the ultra-deepwater (deeper than 2,500 feet) portions of the Gulf of Mexico. Smaller, non-integrated companies are increasing their presence by acquiring large lease holdings in the relative shallow water (less than 1,000 feet) areas. Many small non-integrated companies have been acquired by other small non-integrated companies.