

Financial Responsibility Requirement of the Oil Pollution Act of 1990

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The Oil Pollution Act of 1990 requires that the operator of any offshore facility establish and maintain evidence of financial responsibility of \$150 million. The term "facility" includes all structures, equipment, or devices, other than vessels on deep-water ports, used for exploring for, drilling for, producing, storing, handling, transferring, processing, or transporting oil. The term specifically includes pipelines. "Offshore" facilities include those in, on, or under any navigable waters, including inland waters, of the states of the United States, territories, and possessions, and facilities subject to the United States jurisdiction in, on, or under any other waters. Thus, wetlands, playa lakes, and intermittent streams may be included.

The U.S. Minerals Management Service is in the process of publishing regulations governing the establishment of the financial responsibility requirement. Currently, the requirement may be met by any one, or any combination, of the following methods: evidence of insurance, surety bond, guaranty, letter of credit, qualification as self-insured, or other evidence of financial responsibility. Small independent oil and gas companies that do not have the ability to self-insure stand to be the hardest hit by implementation of the requirement.

Origin of High-Sulfur Oils, Gulf of Mexico Continental Slope

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Oils of the Gulf of Mexico slope typically show higher sulfur contents, higher metal contents, and lower API gravities than do oils of the Gulf shelf. These properties result in increased costs of production, transportation, and refining, thereby diminishing their value. In contrast to shelf oils, many of which are derived from lower Tertiary shale source rocks, the sources of slope oils are thought to be of Mesozoic age. Because deeply buried source rocks have not been encountered during drilling on the slope, we focus

on detailed geochemical characterization of the slope oils to infer their origin. Biomarkers suggest variable clastic-starved source facies containing marine kerogen, such as marls and carbonates. Higher sulfur contents and lower API gravities are thought to correlate with increasing carbonate content of the source facies and milder thermal maturity histories. Oils having carbonate sources in the Upper Jurassic Smackover and Lower Cretaceous Sunniland trends show some similarities but are not strong analogs.