



MMS Securing Ocean Energy &
Economic Value for America

Minerals Management Service

www.mms.gov

Energy from Offshore Sources for America: It Begins with a Plan

Before a rig is towed, before a drill is lowered, before an anchor is dropped, the inspectors, engineers, geologists, and geophysicists from the Minerals Management Service (MMS) are at work. They develop, review, and inspect every aspect of some of the most complex and technologically advanced equipment in the world -- the equipment that brings energy to America.

About 30 percent of the oil and 21 percent of the natural gas that is produced in America comes from the Outer Continental Shelf (OCS).

The process begins with development of a five-year plan for energy exploration in the OCS, a process that involves extensive analyses of resources, potential impacts, and options as well as consultation with all affected States, agencies, organizations, and the public. Prior to an actual sale, MMS issues a call for information, conducts further extensive analyses and consultation, and issues a final notice of sale.

Lease sales are held by the MMS as the "agent" of the Federal Government. A lease sale is an auction; the rights to explore or drill for oil or gas in specific locations ("tracts") are auctioned off to the bidders whose offers provide the best value to the taxpayer. The bidders are energy exploration companies such as ExxonMobil, Marathon, BP, Callon Petroleum Company, and Mariner Energy Inc.

The stakes are high; in the space of about an hour, hundreds of millions of dollars are committed. Most of the lease sales are held in New Orleans, near the coastal areas that are open to exploration--the central and western Gulf of Mexico and a small portion of the eastern Gulf of Mexico. Lease sales may also occur in Alaska's Beaufort Sea.

After a sale, there are many permits and procedures that an energy company must complete before drilling begins. Global market conditions, weather and company finances as well as availability of equipment and personnel also enter into the process.

When drilling and extraction are under way, pipelines or tankers transport the resource from production platforms to refineries where it is processed for use in nearly every aspect of modern life. (In the Gulf of Mexico, oil or gas is transported via an extensive network of pipelines.)



Some of the most sophisticated technology in the world is used to bring oil and gas to market. One of the most important reasons for the advanced level of technology is: **SAFETY.**



MMS's commitment to making certain that the offshore workplace is safe is an integral part of its commitment to protecting marine, coastal, and human environments. Even historic preservation comes into play; energy companies are required to report shipwrecks they discover in the process of searching for oil and gas.

From the plan to the pipeline and beyond, MMS is involved in every step of the process. An established international leader in offshore safety, MMS has developed and maintains a regulatory program of stringent standards for the design of offshore facilities and for safe operations in the offshore environment. For MMS, "safety" has many aspects, including:

- Conducting thousands of offshore inspections every year;
- Constantly writing, reviewing, and revising offshore regulations;
- Ensuring that rope and rig foundations are secure and "air gaps" high enough above the water's surface to withstand a hurricane;

- Mandating safety shut-off valves on wellbores that prevent oil or gas from escaping into the water. (Note -- All of the valves held in the 2005 hurricane season);
- Requiring that offshore operators maintain the ability to respond to a 5,000 barrel per day spill; and
- Requiring that the companies are bonded to ensure sites are properly abandoned when production is over.

MMS manages offshore oil and gas exploration as well as renewable energy sources including wind, wave, solar, and underwater current on 1.76 billion acres of the Outer Continental Shelf while protecting the human, marine, and coastal environments. MMS also collects, accounts for, and disburses mineral revenues from Federal and American Indian lands.



For more information on MMS and lease sales, visit www.mms.gov.

Energy – MMS – Value