# PRUDENT OCS MANAGEMENT

*The discovery of oil at Titusville in Pennsylvania in 1859 soon began to literally fuel the industrial age and rapid urbanization of the country. As petroleum products and the internal combustion engine began to replace water, coal, timber, and steam, the nation's demand for fossil fuels skyrocketed.*

The resurgence in Gulf of Mexico leasing activity that was first reported in the 1998 President's Budget will continue into 1999, and the Minerals Management Service requires additional funding to ensure the safe and environmentally sound development of the Outer Continental Shelf.

The budget proposes $7.5 million for the OCS program above the amount provided in the 1998 Interior Appropriations Act. This increase will put MMS on firm footing to effectively perform its regulatory responsibilities to ensure continued safe and environmentally sound development of the OCS. This is a modest investment compared to the return it will generate. The 1999 budget request proposes to fully fund this increase with offsetting receipts.

*The following are selected annual performance goals from Interior Bureau performance plans supported by the Outer Continental Shelf funding:*

MMS 1999 goal: For 1999, MMS has established the following production goals for the Outer Continental Shelf: 591 million barrels of oil, 4.9 trillion cubic feet of gas, 2.2 million long tons of sulphur, and 22.7 million cubic yards of sand and gravel.

MMS 1999 goal: In 1999, the oil spill rate shall not be greater than 5.07 barrels per million barrels produced.

The Gulf of Mexico continues to see a high level of industry interest, particularly in deep water regions. There have been four record-breaking Gulf of Mexico lease sales in the past two years and a sustained level of exploration and development activity. Industry's interest and investment in the Gulf are spurred by dramatic advances in technology (companies are now talking about drilling wells in 10,000 feet of water); the discovery of extremely prolific reservoirs such as wells producing over 20,000 barrels of oil per day; reductions in exploration and development costs enabling access to areas previously beyond reach or considered uneconomical; and, in the case of deepwater OCS regions, by the Deep Water Royalty Relief Act providing economic incentives that allow small fields to be developed.

The Department's attention is focused on sustaining these benefits by preventing any conditions or actions that could adversely impact Gulf of Mexico development. This includes maintaining strict oversight of operations to ensure continued confidence in industry's environmental and safety record. This means basing leasing and regulatory decisions on good scientific information and maintaining a vigilant inspection program, both of which are critical to preventing accidents that threaten human life or the environment. It also means continuing to provide timely and satisfactory service to industry so as not to discourage future investment.