



Gulf of Mexico newsletter

A weekly report covering Gulf of Mexico
oil and gas activities and support businesses

March 21, 2005
Volume 13, Number 23

Independents dominate federal lease sales

The Interior Department's Minerals Management Service (MMS) held two lease sales in New Orleans last week, attracting the interest of scores of independents but only a handful of majors. Also of note: **The top bidder in terms of the number of apparent high bids is not an operator at all, but rather is solely a prospect generation shop.**

In last week's Central Gulf of Mexico Lease Sale No. 194, 80 companies placed 651 bids on 428 tracts. In all, this year's Central Gulf bidders offered up \$540.3 million in total bids and \$354 million in high bids. By comparison, operators placed 829 bids on 557 blocks and \$368.8

million in high bids in last year's Central Gulf of Mexico lease sale.

Dominion Exploration submitted the highest bid in this year's Central Gulf sale, \$21.2 million, for West Cameron Block 132. Prospect shop Focus Energy was this year's most active lead bidder with 24 blocks. The most active majors by a wide margin were ChevronTexaco with 22 apparent high bids and ExxonMobil with 18. The most active independent acting as a lead bidder was ILOG with 22 apparent high bids, followed closely by Remington Oil & Gas and Murphy with 21 high lead bids each, and Energy Partners with 20. The latter two also partnered with other lead operators on additional bids.



Gulf of Mexico Mobile Offshore Rig Count

Compiled from the *Offshore Rig Locator's* daily update.

	This Week	Week Ago	Month Ago	Year Ago	5 Years Ago
Total Fleet	158	158	156	163	198
Contracted	132	133	131	109	151
No Contract	26	25	25	54	47
GOM Util.	83.5%	84.2%	84.0%	66.9%	76.3%
World Util.	87.0%	87.7%	87.1%	81.0%	77.1%
This Week	Jackup	Semi	Ship	Sub	Plat
Fleet Total	113	31	7	7	65
Contracted	94	27	6	5	26
GOM Util.	83.2%	87.1%	85.7%	71.4%	40.0%



Gulf Coast Mid-Week Spot Prices

	This Week	Week Ago	Month Ago	Year Ago
WTI Crude	\$56.45	\$53.57	\$47.57	\$37.95
Natural Gas*	\$6.81	\$6.59	\$6.02	\$5.32

*Louisiana offshore delivered to pipeline

Source: Natural Gas Week & Dow Jones Telerate Systems Inc.

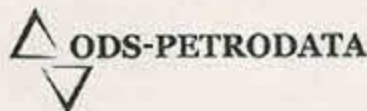
Energy Partners Chairman, President, and CEO Richard Bachmann said, "Today's lease sale was the most active lease sale ever for Energy Partners Ltd., and we are very pleased with our results. We and our partners were high bidders on 22 of the 27 blocks we bid on, for an 80 percent-plus success rate. Twenty of those high bids are 100 percent Energy Partners Ltd. If all the blocks are awarded, this sale will increase our gross acreage on the shelf by a

Continued on page 2

Editor: Brad Baeth

Gulf of Mexico Newsletter, an ODS-Petrodata publication, is published every Monday. Editorial and circulation offices are located at 3200 Wilcrest Dr., Suite 170, Houston, Texas 77042, U.S.A. Individual print or online edition subscriptions are \$259 per year. Subscription terms are detailed in the coupon on the back page. ODS-Petrodata publishes a series of information packages relating to the Gulf of Mexico oil and gas industry. In addition, the company provides independent market research and consulting services to the offshore oil industry.

© Copyright 2005 ODS-Petrodata, Inc. All rights reserved.



www.ods-petrodata.com

3200 Wilcrest Dr., Suite 170, Houston TX 77042
Tel: 832-463-3000 ■ Fax: 832-463-3100
E-mail: editors@ods-petrodata.com

Drilling Plans & Permits

Period	Drilling Plans		Offshore Well Permits	Active Locations All Rig Types			Drilling plans are compiled each week from data reported by the MMS, and include only plans filed for work on federal leases. Offshore well permit counts are compiled by ODS-Petrodata from data provided by the MMS and the State of Louisiana, and include approved permits for all offshore well and rig types. Active locations are compiled by ODS-Petrodata from data provided by operators and contractors. Active location year-to-date and total year counts represent a cumulative total.
	No. of Plans	No. of Wells		Expl	Devl	WO	
This Week	2	4	20	77	62	12	
Year-to-Date	88	161	162	80	60	32	
This Date 2004	131	269	189	63	79	28	
2004 Total	541	1168	889	297	321	121	

Drilling Plans Reported by the Minerals Management Service Last Week

Operator	Location	Lease No.	Water Depth	Est. Start	No. of Wells/Type
Apache	Main Pass #303	OCSG 4253	248	Jun-05	1/Dev
Apache	South Pass #51	OCSG 9700	516	Apr-05	1/Expl
Badger Oil	Ship Shoal #62	OCSG 21650	26	Apr-05	2/Expl

Continued from page 1

quarter, and our net acreage by a third compared to our year-end 2004 position. We are excited that we continue to add to our inventory of prospects and acreage, including in our core areas in East Bay and South Timbalier."

Top active bidder Focus Energy has been a behind-the-scenes participant in Western and Central sales since Western Gulf of Mexico Oil and Gas Lease Sale No. 187 in 2003. Focus Energy actually bid for the first time this year, but has no plans to be an active operator.

Simultaneous with the Central Gulf sale, the MMS offered 124 blocks covering 714,240 acres off Alabama in Eastern Gulf of Mexico Lease Sale No. 197. Bidding was limited; Nine operators placed a total of 12 bids on 12 blocks. Petrobras, which already holds a handful of leases in the Eastern Gulf planning area but has yet to drill a well in the region, picked up four more blocks. The sum of high bids in Sale 197 was \$6,974,531. Helix Oil and Gas submitted the highest bid, \$2 million, for Lloyd Ridge Block 272.

Sale details are presented in the special supplement that accompanies this issue of *Gulf of Mexico Newsletter*.



Drilling & Marine News

\$61 million jackup upgrade planned

Songa Drilling AS jackup ZAPOTECA, which will be renamed SONGA JUPITER, will undergo a \$61.7 million upgrade that will return the rig to active drilling status. Beacon Maritime of Orange, Texas, will perform the upgrades and repairs, which will include a water depth

increase to 300-feet, a new 96-man accommodations package, three mud pumps, zero discharge capability, a new Caterpillar power plant and a new semi-automatic drilling package. Work on the rig will be completed in March 2006.

The rig at present is stacked in Sabine Pass. The jackup was declared a constructive total loss in 1986 after a blowout while working for Pemex. ZAPOTECA sat idle in Mexico for 15 years before it was purchased in 2001 by a consortium led by Norwegian investor Arne Blystad. The group had a deal to sell the rig to Nabors Offshore in 2002, but legal issues with Mexican labor unions and vendor claims blocked the sale. The rig was moved to the U.S. Gulf in April of last year.

Songa, which is owned 50 percent by Blystad, reportedly is in the process of purchasing IPC semis MATA REDONDA and LA MURALLA for \$135 million to \$150 million. The Mexican semis have been idle since April 2004 and August 2003, respectively.

PEMEX seeks jackup commitments

PEMEX issued a tender package for the provision of four jackups. The requirements are for two 300-foot independent-leg cantilever units, one 300-foot independent-leg or mat-supported jackup and one 350-foot independent-leg cantilever rig.

Pogo hits gas on Ewing Bank block

Pogo Producing Co. discovered pay at Ewing Bank Block 948 in 725 feet of water. Extensive sidewall coring and logging confirms the presence of 100 feet of net natural gas and condensate pay with average porosity calculations better than 26 percent, and permeability of roughly 500 millidarcies. The vast majority of the Pleistocene