The Macondo Blowout
Context and Aftermath

Leta K. Smith, *IHS CERA Director, E&P Trends Forum*

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Key Points

- Deepwater environments are significant contributors to global production
- Independent operators are important contributors to that production in DWGOM—and growing
- Post-Macondo deepwater world—slowed but still a leader in the race

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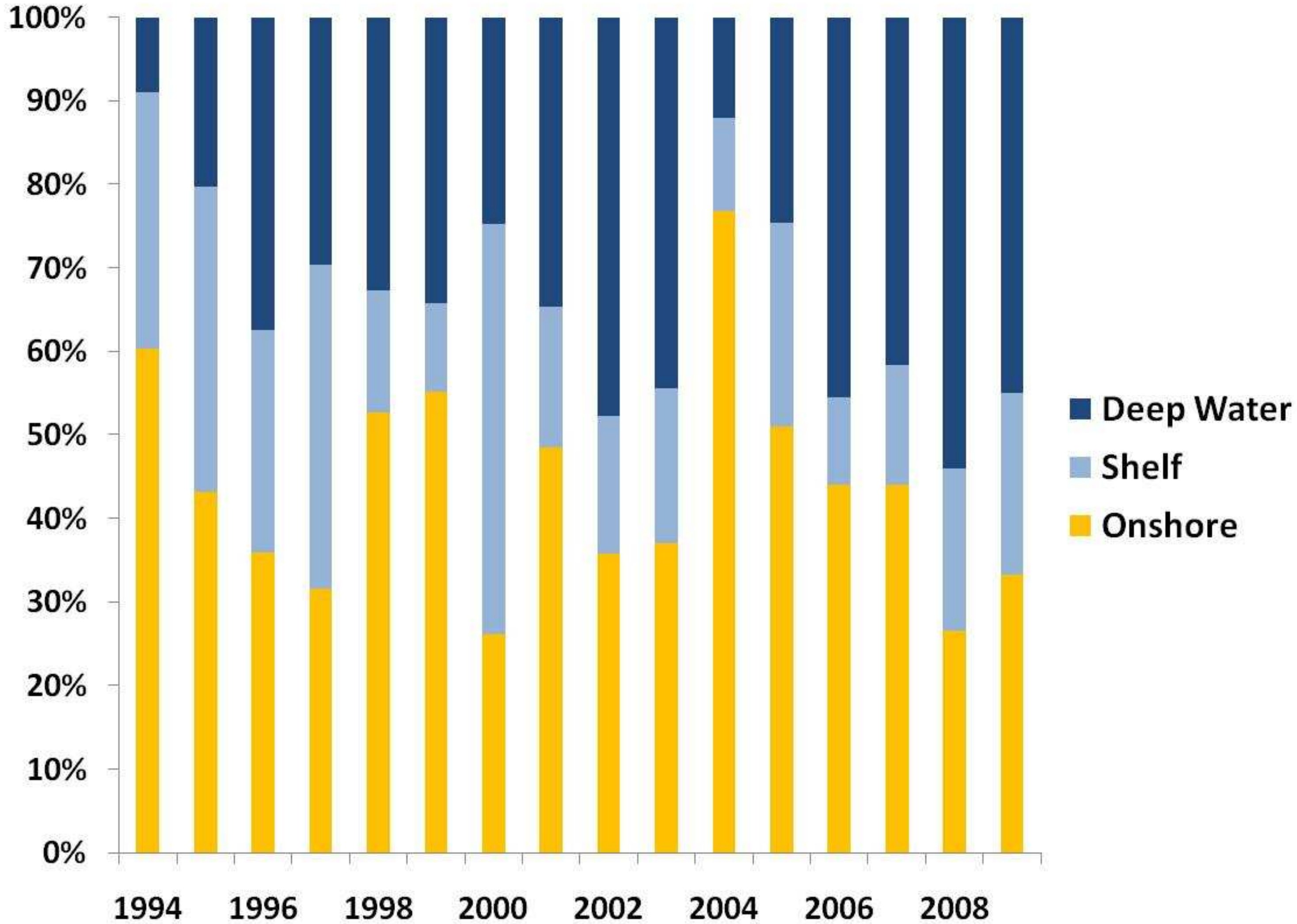
Growing Importance of Deepwater

Percent of Discovered Reserves



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DWGOM 2010-2011 Projects

	Project	Capacity (thousand barrels per day
2010	Great White, Tobago & Silvertip	100
	Telemark, Mirage & Morgus	25
	Phoenix	30
	Cascade & Chinook	80
	Clipper	20
	Droshky	45
	Horn Mountain NWFX	10
2011	Isabela & Santa Cruz	30
	Appaloosa	8
	Caesar, Tonga & West Tonga (Phase 1)	40
	Ozona Deep	6

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2009 Economic Significance of the Gulf of Mexico Oil and Gas Activity

- **$70 billion of economic value**
- **400,000 jobs including**
  - — Direct (e.g., completions engineer at an oil company)
  - — Indirect (welder at an equipment supplier)
  - — Induced (barber where the welder gets his hair cut)
- **$20 billion in revenues to federal, state, and local governments through royalties, bonuses, and tax collections**
- **Potential for almost $300 billion of revenues over the next 10 years.**

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Total Offshore Oil & Gas Industry Economic Impact on the Gulf of Mexico

		Direct	Indirect	Induced	Total
Jobs (ave annual workers)	2009	91,173	12,0675	170,402	382,250
	2015	120,192	155,814	219,308	495,313
	2020	130,510	163,348	224,902	518,760
Value Added ($ billion)	2009	42.61	14.64	12.53	69.78
	2015	61,53	21.44	18.44	101.40
	2020	67.96	24.27	20.88	113.12
Labor Income ($ billion)	2009	15.49	7.88	6.70	30.07
	2015	22.79	11.58	9.86	44.23
	2020	25.62	13.31	11.17	50.11

Source: IHS Global Insight

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Taxes Receipts from Gulf of Mexico

Billions of Dollars

	2009	2015	2020
Federal Taxes	**7.15**	**10.46**	**11.78**
Personal Taxes	4.80	7.07	8.04
Corporate	2.36	3.40	3.73
State and Local Taxes	**5.74**	**8.34**	**9.11**
Personal Taxes	0.38	0.56	0.63
Severance Taxes	0.34	0.49	0.53
Other Business Taxes	5.02	7.29	7.95
TOTAL	**12.89**	**18.80**	**20.89**

Source: IHS Global Insight

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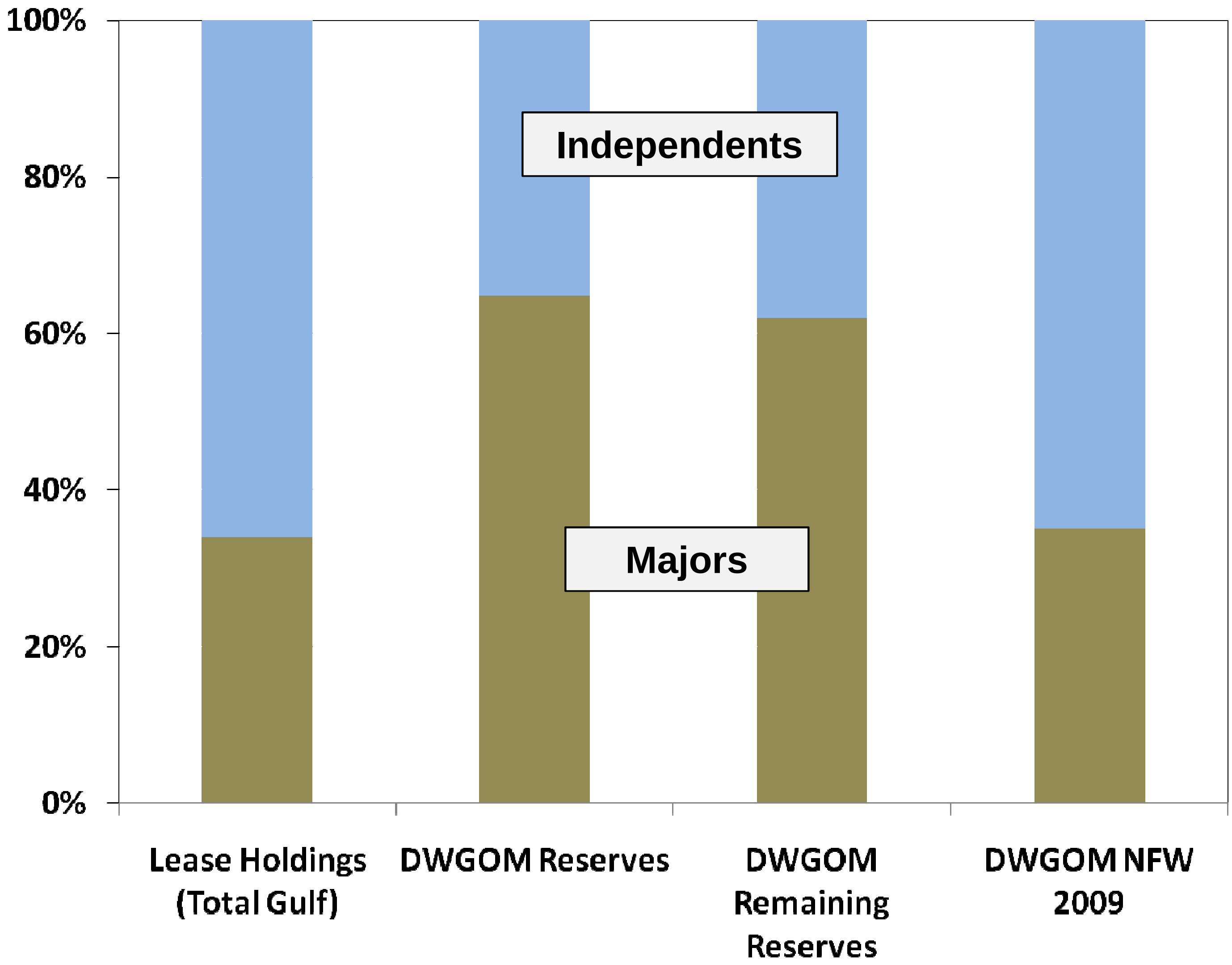
Role of Independent Operators



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Role of Independent Operators

- **Independents bought an average of 70% of farmed-out acreage from majors over the past 10 years**
- **Operate about 1/3 of total volumes discovered**
- **Volumes found by major companies past ten years generally declining – volumes found by the independents increasing**
- **Operate roughly half of volumes currently appraising or developing**

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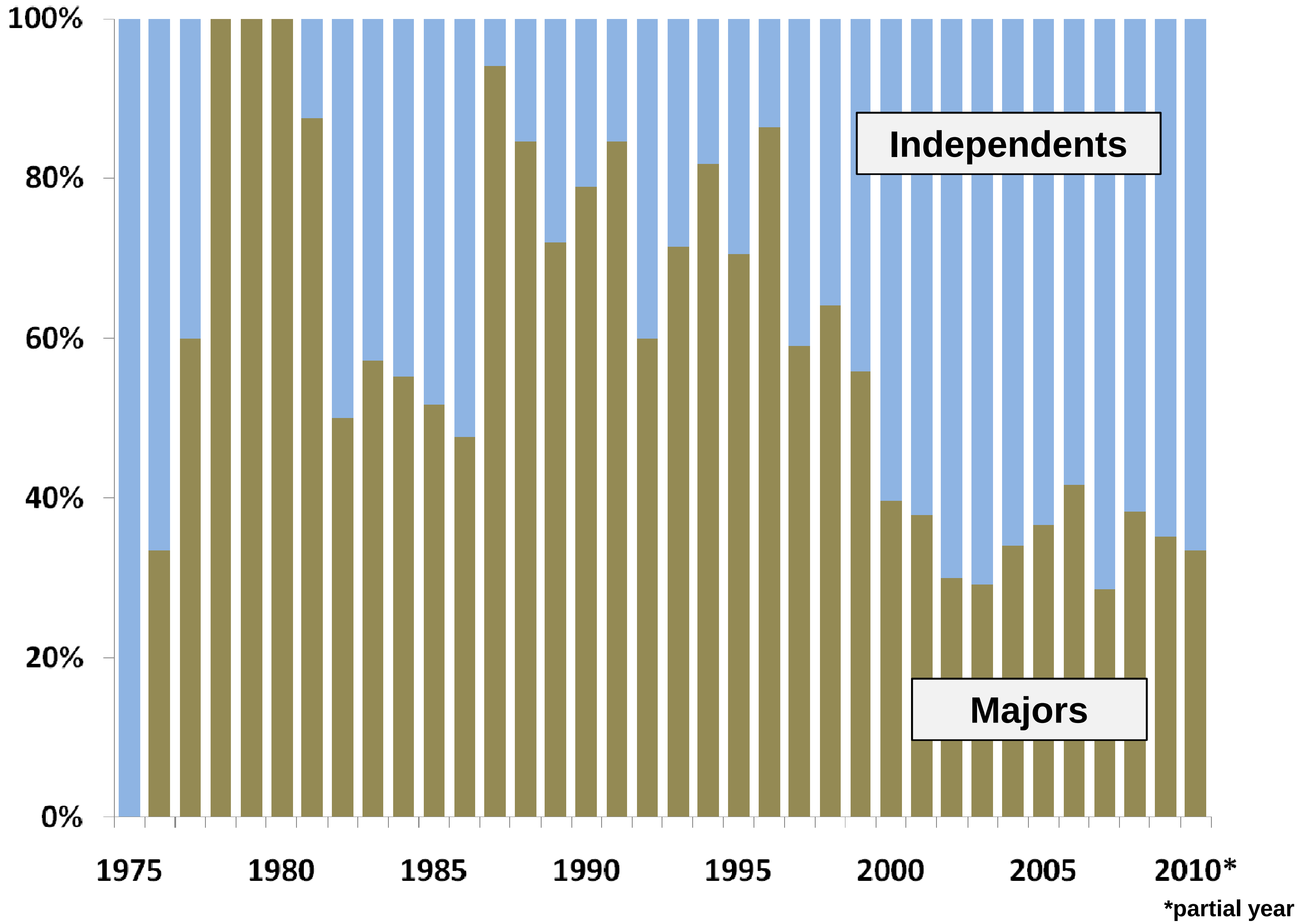
Independents Share of DWGOM Exploration Drilling



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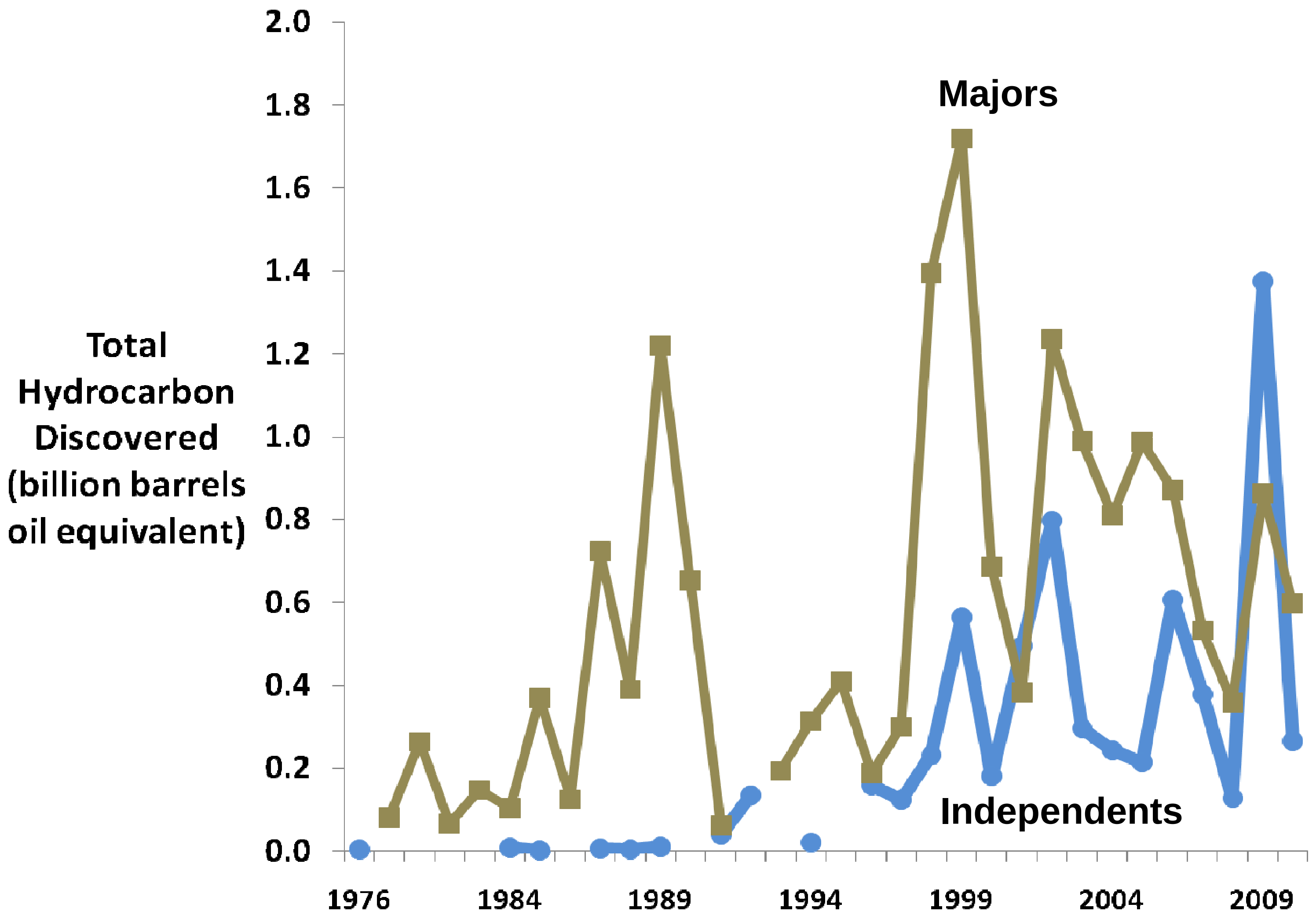
DWGOM Annual Discoveries



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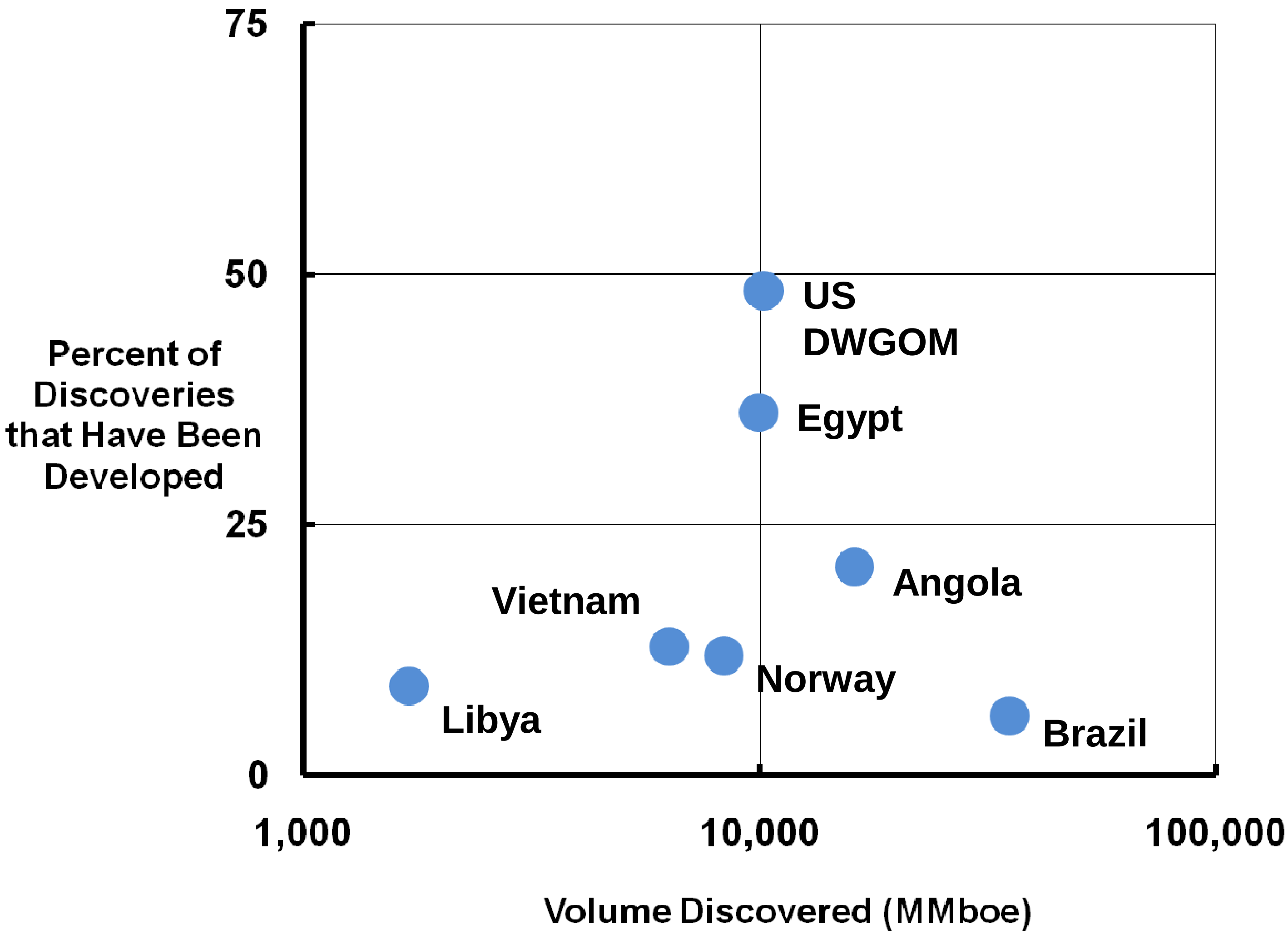
DWGOM a Leader in Developing Reserves



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Post-Macondo Deepwater Activity

	Post-Macondo* (non-USA/USA)		Same period 2009	
	USA	Non-USA	USA	Non-USA
Licensing (number)	246	29	233	51
Licensing (sq.km.)	5,712	216,894	5,376	185,000
Exploration Drilling	3	51	14	59
Discoveries (number)	3	13	4	25
Discoveries (MMboe)	228	6756	443	2972

*** April 20,2010-September 7, 2010**

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Sign Posts to the Future of Deepwater

- **Well permitting**
  - How quickly will operators submit new applications?
  - How quickly will BOEM approve them?
- **The March lease sale**
  - Will it take place?
  - Who, if anyone, will participate?
  - What will they be willing to pay?
- **Potential new US Legislation**
- **EU actions**

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Richard Morris
800 TRY CERA
+1 617 866 5000
Richard.morris@ihscera.com

55 Cambridge Parkway
Cambridge, Massachusetts 02142, USA
IHSCERA.com