



Deepwater Activity Continues Trend Towards Hub and Spoke Field Design

The first of two 2007 offshore Gulf of Mexico lease sales held by the MMS took place on Wednesday, August 22, 2007. While the sale was lacking activity overall, it pointed to some noteworthy trends related to the GoM's future and its Hub and Spoke field architecture.

An overview of recent bidding activity shows that there has been an obvious trend of leasing activity shifting to the deep and ultra-deep waters of the GoM. Major operating companies covet these blocks as they potentially hold vast amounts of undiscovered reserves. Petrobras, Statoil and bp were the top prize winners, with StatoilHydro offering upwards of US\$40 for Alaminos Canyon block 810.



Leasing Activity Supports Hub and Spoke in GoM

This is of special note considering the block's location to Shell's Perdido Hub development in Alaminos Canyon block 857. In fact, the Perdido Hub area of Alaminos Canyon saw the most activity of any development area in MMS lease sale 204.

This trend puts Shell's upcoming hub in a great position to be the host facility for what could prove to be a great number of future subsea tie-backs. This current trend, as well as a complete overview of the 2006 and 2007 lease sales can be found in Quest Offshore's 2007 Gulf of Mexico Hub and Spoke Report.



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