

INTERIM REPORT
OF THE
NATIONAL PETROLEUM COUNCIL COMMITTEE
ON SUBMERGED LANDS PRODUCTIVE CAPACITY

February 26, 1953

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INTERIM REPORT
OF THE
COMMITTEE ON SUBMERGED LANDS PRODUCTIVE CAPACITY
TO THE NATIONAL PETROLEUM COUNCIL
FEBRUARY 26, 1953

In July 1952 Mr. H. A. Stewart, Acting Director of the Oil and Gas Division of the Department of the Interior, requested that the National Petroleum Council undertake a study of the problems incident to the discovery, development, and production of offshore petroleum deposits. The request called for an estimate of the availability of production that might be developed from submerged offshore lands if exploration and development were to be freely conducted over a five year period, assuming that conditions would exist comparable to those upon which the National Petroleum Council report on productive capacity was based.

This interim progress report is submitted pursuant to that request by the Committee appointed by the National Petroleum Council to make the study. The study is proceeding on the assumptions used by the National Petroleum Council Committee on Oil and Gas Availability in its report of January 1952 which were set forth as follows:

"These estimates assume that there will be no reduction of the incentive to search for and develop new resources, that sufficient steel and manpower will be available, and that the development of the Continental Shelf will be permitted. Artificial price controls or large increases in taxes which affect the economic incentives for further development can upset the amount of development activity carried on by the industry and reduce availability. Interference with present or prospective markets for petroleum

by arbitrary action limiting the uses which might be made of petroleum would also change the outlook for availability. Lack of steel to drill the number of wells projected or of personnel to carry out the program would affect directly the development of new productive capacity. Failure to permit and encourage development of the Continental Shelf may also result in less availability than anticipated in this report."

In connection with the request that this study be made without regard to ownership or title, it has been necessary to make certain assumptions. First, it is assumed that existing leases will be confirmed. Second, it is assumed that additional leases will be granted on a basis which will encourage exploration and development of this area. Questions of ownership or title and of leasing regulations on any portion of the Continental Shelf remaining under Federal jurisdiction are delaying work in this area. A prompt satisfactory solution of these questions must be assumed in answering the inquiry with respect to availability that may be developed within five years.

While the studies of this committee are being limited to a five-year period of time as requested, it must be noted that five years is an inadequate period in which to evaluate the contribution to future supplies of oil and gas of a major new province, such as the offshore area. Exploration and drilling within five years will be more important in locating major oil and gas fields for future development than in providing immediate availability.

There is attached a map of the continental shelf based on the United States Geological Survey. The continental shelf is the area extending seaward from the coast which is submerged in less than 600 feet of water. From about the 600 foot water depth, the slope of the ocean bottom usually increases sharply, marking the true

edge of the continent. The continental shelf is relatively narrow along the West Coast and wide in the Gulf Coast, reflecting the terrain of the adjacent coasts.

The continental shelf of the United States is estimated to comprise about 278,000 square miles, divided as follows: 132,000 square miles in the Gulf Coast extending from Texas to the tip of Florida, 127,000 square miles off the Eastern Seaboard, and 19,000 square miles off the West Coast.

While the Committee has not completed its studies on the technological aspects of development on the continental shelf, we are now of the opinion that an important number of major oil and gas fields will be discovered within five years and that drilling within that period would be sufficient to make available about 200,000 barrels daily of petroleum liquids and 600 to 800 million cubic feet daily of natural gas. Drilling after the five year period should increase availability rapidly because of additional development on discovered fields, improved techniques, and later discovery and development resulting from continued exploration.

Respectfully submitted,

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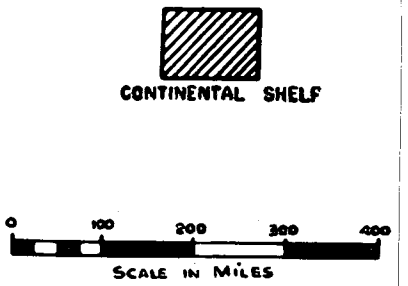
CONTINENTAL SHELVES OF THE UNITED STATES



Western Continental Shelf.
Immediately Prospective area—
300 square miles to 50 foot
water depth along Southern
Coast of California from Point
San Luis to Dana Point. Total
area—19,000 square miles to
600 foot water depth.

140 MI
EDGE OF CONTINENTAL SHELF
Gulf Coast Continental Shelf
Immediately Prospective -
14,000 square miles to 60 foot
water depth. Total area - 132,000
square miles to 600 foot water
depth.

Eastern Continental Shelf. Total
area—127,000 square miles to
600 foot water depth, none
immediately prospective.



UNITED STATES
DEPARTMENT OF THE INTERIOR
OIL AND GAS DIVISION
WASHINGTON 25, D. C.

C
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Y

July 16, 1952

Mr. Walter S. Hallanan, Chairman
National Petroleum Council
1625 K Street, N. W.
Washington, D. C.

Dear Mr. Hallanan:

The National Petroleum Council's report of January 29, 1952, on "Petroleum Productive Capacity" is one of the most thorough-going and important reports the Council has submitted to the Department of the Interior. This report stresses the importance of oil and gas prospects of offshore submerged lands. The President's Material Resources Commission (Paley Commission) report, June 1952, likewise emphasizes the importance of these potential reserves. Both reports indicate that such resources of oil and gas could be critically important to national security and defense.

While both reports point out the potential importance of the oil and gas prospects of offshore submerged lands, it is also important that an authoritative study be made of the availability of these potential reserves in terms of technological aspects. The problems incident to the discovery, development and production of offshore petroleum deposits are different both in magnitude and in character when compared to operations in adjacent onshore areas. It is essential, therefore, that the impact of these new and different problems be studied and their effect estimated with reference to the availability of production from submerged lands.

It is, therefore, requested that the National Petroleum Council appoint a committee to proceed with this study upon the assumption that conditions comparable to those upon which the National Petroleum Council report on productive capacity was based will exist and to evaluate the technological aspects of exploration, development and production with respect to the availability of production from submerged lands:

1. If a critical and immediate need develops for national security reasons.
2. If no such needs arise but if exploration and development were to be freely conducted over a 5-year period.

It is requested that this study be made on the basis of technological aspects only without regard to ownership or title.

Very truly yours,

Signed: H. A. STEWART

H. A. Stewart
Acting Director

