Week in News: November 10-16, 2008

Over a Barrel
Richmond Times Dispatch, November 16, 2008; http://www.inrich.com/cva/ric/opinion.apx.-content-articles-RTD-2008-11-16-0061.html

Congress likely to back offshore drilling: API head
Reuters, November 14, 2008; http://www.reuters.com/article/politicsNews/idUSTRE4AD86B20081114

Arctic is rich in promising energy source: gas hydrates
Anchorage Daily News, November 14, 2008; http://www.adn.com/oil/story/587411.html

Governor hopefuls give views on offshore drilling
Richmond Times Dispatch, November 14, 2008; http://www.inrich.com/cva/ric/news.apx.-content-articles-RTD-2008-11-14-0144.html

Jersey officials fuming as feds talk of oil drilling off East Coast
The Star-Ledger, November 14, 2008; http://www.nj.com/news/ledger/jersey/index.ssf?/base/news-12/1226639760112030.xml&coll=1

Feds move on Virginia oil drilling
The News Observer, November 14, 2008; http://www.newsobserver.com/politics/story/1294126.html

Greens Pave Way to Republican Comeback
FOX News, November 13, 2008; http://www.foxnews.com/story/0,2933,451304,00.html

Agency Begins Process to Allow Drilling off Va. Coast
Washington Post, November 13, 2008; http://www.washingtonpost.com/wp-dyn/content/article/2008/11/12/AR2008111202866.html?hpid=moreheadlines

Resolution of disputed leases unlikely under Bush, Interior secretary says
E&E News, November 12, 2008; http://www.eenews.net/eenewspm/2008/11/12/4

Falling crude prices could slow deep-water drilling
Houston Chronicle, November 12, 2008; http://www.chron.com/disp/story.mpl/business/6107661.html

Feds: Va. offshore drilling "moving as fast as we can"
Richmond-Times Dispatch, November 12, 2008; http://www.inrich.com/cva/ric/news.apx.-content-articles-RTD-2008-11-12-0191.html

Interior takes initial steps towards Va. Leasing
Greenwire, November 12, 2008; http://www.eenews.net/Greenwire/2008/11/12/3

'First step' for Va. oil drilling to be announced Tuesday
The Virginian-Pilot, November 11, 2008; http://hamptonroads.com/2008/11/first-step-va-oil-drilling-be-announced-tuesday

Crude dips below $60 to lowest level in 20 months
E&E News, November 11, 2008; http://www.eenews.net/eenewspm/2008/11/11/4

Environmentalists look to Obama to limit drilling
Reuters, November 10, 2008; http://www.reuters.com/article/environmentNews/idUSTRE4A97OB20081110

Consultant: Rig demand should remain strong
Houston Chronicle, November 10, 2008; http://www.chron.com/disp/story.mpl/headline/biz/6104722.html

Offshore labor shortage means high salaries, perks for workers
Greenwire, November 10, 2008; http://www.eenews.net/Greenwire/2008/11/10/6

Over a Barrel
Richmond Times Dispatch, November 16, 2008; http://www.inrich.com/cva/ric/opinion.apx.-content-articles-RTD-2008-11-16-0061.html

Federal officials say they are moving "as fast as we can" to allow oil drilling off Virginia's coast. Most of the state's political leadership is on board with at least exploratory offshore drilling -- and for good reason.

Immediate pressure for offshore drilling might have diminished in recent months as gasoline prices fell below $2. But don't let that fool you. The drop in prices results more from recent economic shocks than from any fundamental change in the energy picture.

Just the other day the International Energy Agency (IEA) released its latest World Energy Outlook analysis. IEA chief economist Fatih Birol says the "key determinant" of gasoline prices is "oilfield decline." The agency expects demand for oil to rise from 85 million barrels a day to 106 million per day by 2030 -- when light sweet crude could be going for $200 a barrel or more.

Short-term fluctuations won't change the long-term picture. America should pursue a comprehensive energy approach that includes renewables and non-carbon-based energy sources, including nuclear power. It also should include drilling here -- and drilling now.

Congress likely to back offshore drilling: API head
Reuters, November 14, 2008; http://www.reuters.com/article/politicsNews/idUSTRE4AD86B20081114

By Ayesha Rascoe

WASHINGTON (Reuters) - Lawmakers will not have enough support when Congress reconvenes to restore a complete moratorium on offshore drilling, American Petroleum Institute President Jack Gerard said on Friday.

"I don't think there are enough votes in Congress to reinstate the blanket moratorium as it has existed before," Gerard told reporters at his first media round-table in Washington, D.C., as the new head of the lobbying group.

After a heated debate between Democrats and Republicans over oil exploration, Congress allowed the 27-year-old ban on drilling in most U.S. coastal areas to expire in October.

With gasoline prices rising above $4 a gallon this summer, Gerard said there is enough public support for expanding domestic production to keep lawmakers from restoring the ban.

He expects there will be a robust discussion, however, over whether to impose additional restrictions on U.S. energy production when Congress returns in January.

An aide to Democratic President-elect Barack Obama has said Obama will likely reverse an executive order by President George W. Bush allowing drilling in fragile lands in Utah.

Gerard, however, warns against imposing restrictions on offshore drilling. In particular, he pushed against the 50-mile buffer zone that was part of energy legislation that passed the House of Representatives before Congress adjourned.

He pointed out that beyond 12 to 13 miles from shore any energy equipment would not be visible to people on the coasts, and that a large buffer zone could significantly limit energy production. Also, he said the oil industry has demonstrated over time it can operate safely offshore.

"That's yesterday's debate," Gerard said. "The technology is there to protect the environment and the technology is there to bring these resources to the market for benefit of all Americans."

Gerard recently replaced Red Cavaney, who left the organization at the end of October, as president of API. Before coming to the institute, Gerard served as president of the American Chemistry Council.

Although Gerard said he is optimistic about working with the new Congress, he said it is too soon to know whether his group will be able to convince lawmakers not to support a windfall profits tax on the oil industry.

During his campaign, President-elect Barack Obama said he supported a five-year windfall tax on excessive profits of large oil companies.

Gerard said that the government should focus on gaining revenue through making more energy available, instead of punitive measures against companies.

Arctic is rich in promising energy source: gas hydrates
Anchorage Daily News, November 14, 2008; http://www.adn.com/oil/story/587411.html

By ERIKA BOLSTAD

WASHINGTON -- Frozen crystals packed with concentrated natural gas and buried 2,000 feet below the permafrost on Alaska's North Slope could become the next major domestic energy source, an assessment released Wednesday by the U.S. Geological Survey found.

The USGS study shows that in the North Slope, those frozen methane-and-water crystals, known as hydrates, contain as much as 85.4 trillion cubic feet of recoverable natural gas. That's enough to heat 100 million homes for as much as 10 years, said Interior Secretary Dirk Kempthorne.

New research into how to extract those resources has moved the possibility of recovering natural gas hydrates from the realm of "science and speculation" to that of the "actual and useful," Kempthorne said Wednesday.

Globally, "hydrates have more potential for energy than all other fossil fuels combined," Kempthorne said. "This can be a paradigm shift."

Government research is beginning to show that it may be possible to extract hydrates using depressurization, a technique used to get at more conventional fuel sources. Simply boring into the ground may be enough to change the pressure to extract it, said Steve Rinehart, a spokesman for BP Alaska. Or the pressure could be changed with some sort of pump.

Gas hydrates exist all over the world, including offshore, but a combination of cold and pressure makes them especially prevalent in the Arctic, where there's also an existing oil-and-gas infrastructure to study them. They're described by the Department of Energy as "ice-like solids that results from the trapping of methane molecules within a lattice-like cage of water molecules." Hydrates release gaseous methane -- the main component of natural gas -- when they melt.

Kempthorne on Wednesday demonstrated the flammability of the substance with laboratory-created hydrate made by government researchers. Real hydrates, which are 164 times more concentrated than natural gas, would be far too valuable to burn in part because core samples are so rare.

Kempthorne lit a match to a fist-sized lab sample, sending up a small flare. He also passed out small, pebble-sized samples to reporters attending his press conference. When Kempthorne dropped a chunk of hydrate into a glass of water, it fizzed like Alka-Seltzer. As the human hand warms it, the hydrate snaps and crackles, releasing gas and water vapor.

SKEPTICISM

Two of the biggest North Slope producers, Conoco Phillips and BP, have been involved in some of the government studies. Conoco has largely been researching whether it's possible to inject carbon dioxide into wells to replace the hydrates. That also would allow the carbon dioxide, a greenhouse gas, to be sequestered in the wells.

BP last year participated in government studies that drilled for core samples of hydrates. So far, there have been no actual tests of producing hydrates as commercially viable natural gas. That's next, but BP and Conoco both remain skeptical. There are tremendous conventional natural gas deposits in Alaska to consider first, Rinehart said.

"We see the potential," he said, "but our outlook is conservative at this point, because there really has not been a long-term production test."

There's room for "healthy skepticism" on the environmental front, too, said Mike Daulton, the legislative director of the National Audubon Society. The extraction could threaten the stability of the permafrost in Arctic Alaska, Daulton said, and there also are concerns that in the process of extracting a relatively clean-burning fuel there's a risk of releasing vast amounts of methane.

"There's a lot that still needs to be proven with regards to the safety," Daulton said. "There's the potential for the release of methane, which is much more potent than carbon dioxide as a greenhouse gas."

GULF OF MEXICO FIRST?

Although there are tremendous hydrate deposits in Arctic regions, they also exist in the deepwater regions of the Gulf of Mexico, a region where there are natural gas pipelines, unlike on Alaska's North Slope. Even though much of the government research into hydrates has taken place in Alaska, it might be that it is cheaper to consider the Gulf first.

Other countries that import most of their energy -- including Japan and India -- have been aggressively pursuing their own hydrate potential.

But the possibility of recovering natural gas hydrates in Alaska also could add to the usefulness and potential life span of a possible multibillion-dollar natural gas pipeline under study. The pipeline would send more conventional sources of natural gas from the North Slope to markets in the Lower 48 or Canada.

It could be part of a "balanced national energy plan in the years ahead," said Sen. Lisa Murkowski, R-Alaska, calling it "great news for not only Alaska's future economy, but also for the nation."

There's an estimated 35 trillion cubic feet of proven natural gas reserves in the North Slope of Alaska, said Mark Myers, director of the USGS. Another several hundred trillion feet of conventional natural gas is also potentially available but less accessible. The possibility of extracting keeping the proposed pipeline filled for a longer period of time with natural gas hydrates only "leads to more confidence to invest in the pipeline," Myers said.

"They were already going to build it, but it does help bolster the case," said Sara Banaszak, a senior economist with the American Petroleum Institute. "The more gas you can help transport with the pipeline, the more economic the project is."

Governor hopefuls give views on offshore drilling
Richmond Times-Dispatch, November 14, 2008; http://www.inrich.com/cva/ric/news.apx.-content-articles-RTD-2008-11-14-0144.html

McDonnell, McAuliffe, Deeds and Moran offer a variety of positions

BY JIM NOLAN AND JEFF E. SCHAPIRO

Republican candidate Bob McDonnell wants to drill baby, drill.

Democratic contenders R. Creigh Deeds and Terry McAuliffe want to poke around.

And Democratic candidate Brian Moran is reluctant to dig into the deep "at this time."

No matter who wins in 2009, Virginia's next governor likely will confront the prospect of drilling for oil and gas off the coast of the commonwealth.

On Wednesday, the U.S. Department of the Interior opened a 45-day public-comment period on offshore drilling, part of the process to consider leasing land off the Virginia coast in 2011 for oil and gas exploration.

The area considered for drilling is a 2.9 million-acre slice of the ocean floor more than 50 miles east of Virginia Beach and the state's Eastern Shore. The Interior Department estimates it could contain 130 million barrels of oil and 1.1 trillion cubic feet of natural gas.

Interior's announcement comes less than six weeks after Congress let a moratorium on offshore drilling expire and two months before a change of presidential administrations.

So yesterday, the four men expected to compete for the governor's job outlined their positions on the politically combustible issue. It rose to prominence this year as gasoline prices topped $4 a gallon and energy independence took center stage in the presidential race.

"The attorney general strongly supports offshore drilling for oil and natural gas," said Phil Cox, campaign strategist for McDonnell, Virginia's attorney general and a former member of the House of Delegates from Virginia Beach.

"He believes that advances in technology over the past two decades give us the ability to drill offshore in an environmentally friendly way and believes offshore drilling will help to create new American jobs and reduce our dependence on foreign sources of energy," Cox added.

State Sen. R. Creigh Deeds, D-Bath, favors "environmentally safe offshore drilling." He said such drilling would need to generate royalties and not interfere with the military, tourism and fishing industries. He said it should be explored as part of a broad proposal to develop new energy technology and alternative fuel production in the commonwealth.

"By linking our world-class research institutions with a statewide energy initiative, we will create new jobs and solve the biggest issue of our generation," he said.

Terry McAuliffe, an unannounced candidate for the Democratic nomination, is staking out a position that recalls that of current Gov. Timothy M. Kaine.

Like the governor, McAuliffe favors exploration offshore for natural gas but not oil.

McAuliffe, former chairman of the Democratic National Committee, said the federal push for drilling along the Virginia coast is a last gasp for the departing Bush administration.

"This is Bush trying to get some stuff done at the end," he said.

President-elect Barack Obama has said he is open to offshore energy exploration, but he has the option not to proceed with the sale of leases.

McAuliffe noted the concerns of the military, which worries that drilling platforms could be a hazard to U.S. warships and aircraft.

Another Democratic prospect, Del. Brian J. Moran of Alexandria, opposes exploration for oil and gas "at this time," according to his spokesman, Jesse Ferguson.

"Our first priority should be alternative and renewable energy sources, not drilling for more of a 19th-century energy source," Ferguson said.

Ferguson also said it has not been proved that Virginia oil and gas reserves are a "long-term solution" to energy needs.

He said Moran believes offshore exploration is a potential threat to the environment and to the appeal of Virginia Beach, among other shore points, as a tourist destination.

Jersey officials fuming as feds talk of oil drilling off East Coast
The Star-Ledger, November 14, 2008; http://www.nj.com/news/ledger/jersey/index.ssf?/base/news-12/1226639760112030.xml&coll=1

BY MARYANN SPOTO

For the first time in a quarter- century, the federal government has opened the door to drilling for oil off the East Coast, alarming New Jersey politicians and environmentalists.

A call for companies interested in drilling for oil or natural gas 50 miles off the coast of Virginia was published yesterday in the Federal Register, the first step in a lengthy process that could allow the federal government to sell oil leases in the Atlantic Ocean in 2011.

Companies have until Dec. 29 to respond, and the public has until the same date to weigh in on the proposal -- the first time since an East Coast drilling moratorium was declared in the 1970s. The next step would be an environmental impact review.

"These are the very beginning steps in an area that has not seen oil production since the'80s," said Blossom Richardson, spokeswoman for the Minerals Management Service. "This is not a commitment to hold a lease sale."

The action comes less than two months after the last barrier to East Coast drilling was lifted. In July, President Bush withdrew an executive order signed by his father prohibiting exploration or drilling, and a federal legislative moratorium -- in place for 25 years -- ex pired Sept. 30.

Of all the states in the newly opened region, Virginia put up the least resistance to new offshore exploration. MMS director Randall Luthi said his agency acted at the behest of Democratic Gov. Timothy Kaine.

"At the request of the governor, MMS included the area offshore Virginia based on the commonwealth's current energy policy and continued interest in knowing what resources may be off its coastline," he said.

During his campaign, President- elect Barack Obama supported limited new drilling, but only if proper environmental safeguards are in place. He would not be obliged to continue the lease sale after he takes office Jan. 20, Robinson said.

Gov. Jon Corzine renewed his opposition to offshore drilling and said states need to look for other energy sources.

"The governor opposes oil and gas drilling that has the potential to impact the New Jersey coastal environment and the state's $40 billion coastal economy. This drilling provides no short-term solution or long-term solution to the nation's oil dependency," said spokesman Robert Corrales.

Corzine has emphasized the need for conservation and encouraged the development of renewable and alternative energy sources, such as tripling the amount of power the state derives from wind.

Rep. Frank Pallone (D-6th Dist.) called the MMS activity "an exercise in futility."

"Why is this coming up now when they know the new administration has serious reservations about it?" he said. He vowed to send a letter opposing the sale and urged other members of the congressional delegation to sign on.

New Jersey environmentalists called the action a last-minute sneak attack by Bush to reward oil companies before he leaves office.

"It's despicable they're playing these kinds of games with our energy policy and our coast," said Jeff Tittel, director of the NJ Sierra Club. He noted that an oil spill off the coast of Virginia could easily make its way 90 miles north to the Jersey Shore. "We're fighting the same battles we fought in the 1970s all over again."

Coastal exploration for oil and natural gas in the 1970s, including the siting of an oil production facility near Atlantic City, led to the battle for the moratorium. But sky rocketing fuel prices this summer helped bolster the case for new exploration.

Cindy Zipf, executive director of Clean Ocean Action, said that finding oil and natural gas would be a waste of energy and money and that the United States should look for "more meaningful alternatives" such as conservation and efficiency.

She said she was disappointed that MMS ignored the recommendations of NASA and the Department of Defense, which opposed drilling off the coast of Virginia for security reasons.

Feds move on Virginia oil drilling
The News Observer, November 14, 2008; http://www.newsobserver.com/politics/story/1294126.html

In a sea zone near N.C. Outer Banks

Barbara Barrett

WASHINGTON - The federal government on Thursday made its first move toward oil and natural gas exploration off the coast of Virginia -- just northeast of the Outer Banks.
The U.S. Department of Interior issued a call for public comments as it begins to consider the potential environmental effect of offshore drilling. The environmental work is the first step in opening 2.9 million acres of waters to a lease sale scheduled for 2011. The area under consideration is at least 50 miles offshore.

The agency's move will be followed closely by environmental groups and states in the Southeast, along with business groups eager for more energy development.

"In some ways, North Carolina is the next place after Virginia that ... the federal government would like to go," said Michael Gravitz of Environment America, a coalition of state environmental organizations. "Virginia is the first chink in the Atlantic Coast armor."

Polls show that most Americans want more domestic energy production, but many worry about the potential influence on coastlines that are relatively untouched by industry.

"You need to look at the impact that it may have in coastal Carolina," said N.C. Senate President Pro Tem Marc Basnight, whose district includes Dare County. "Not Virginia. Virginia has a lot of activities around their bays."

Gov. Mike Easley wants to review Thursday's development, and Gov.-elect Beverly Perdue said she wants to ensure that states share the money earned from leasing the nation's oceans to energy companies.

The issue of offshore drilling dominated political conversation through much of the past election season, as energy costs skyrocketed and the economy worsened. Partisans chanted "Drill, baby drill!" at Republican political rallies, while many Democrats parsed their words to sound open to offshore drilling while promoting alternative energy.

Thursday's move was the first concrete action in Washington since President George Bush and Congress earlier this year lifted years-old bans on drilling in the Outer Continental Shelf.

Good for farmers

"We consider this to be a positive movement," said Larry Wooten, president of the N.C. Farm Bureau. He said farmers have been besieged by high fuel prices and the rising costs of fertilizer and pesticide, both of which are made with natural gas. Increasing energy sources could help, he said.

"We need to push forward with all options, and offshore drilling is just one of them," Wooten said.

Margaret Hartzell of Environment North Carolina said the state's Outer Banks could be threatened by the potential for oil spills.

"North Carolina's coasts and waters know no boundaries, and a spill in Virginia will definitely have an impact on North Carolina," Hartzell said.

The federal Minerals Management Service, which handles oil and gas lease sales, said the area being studied has been included in the federal government's five-year plan at Virginia's request.

But while the Virginia legislature passed a bill in 2006 welcoming exploration, it was only for natural gas, said Gordon Hickey, a spokesman for Virginia Gov. Timothy Kaine.

"That's the position of the governor, and that hasn't changed," Hickey said.

The federal government is considering leasing the waters as soon as 2011 for oil and natural gas exploration. The agency stressed that soliciting public comment does not mean a lease sale will go forward.

Some environmental groups hope President-elect Barack Obama will reverse course.

"Obama has said they would consider offshore drilling in the context of a comprehensive energy policy," Gravitz said. "We'd be hopeful they'd look at this and say, 'Eh, this doesn't fit.' "

Studies show offshore drilling won't lower gas prices for years, but energy companies are promoting exploration as a source for jobs.

"By opening up those areas offshore, it's going to provide our domestic companies access to getting those precious resources out of the ground and into the marketplace," said Chris Sheerman, spokesman for the Institute for Energy Research in Washington, which promotes domestic energy companies.

Still, some officials are wary.

Control to states?

Easley told North Carolina's congressional delegation in September that the federal government should give North Carolina rights to its own coastal leases outright, giving the state complete control.

And U.S. Rep. Walter Jones, a Farmville Republican whose district includes most of the state's coastline, said the Bush administration should wait and let the Obama administration develop a new energy policy.

That way, he said, states might have more control.

"This is just a states' rights issue to me," Jones said.

"You're making changes that could impact a state for years and years to come. I don't see why it cannot wait until next year."

Greens Pave Way to Republican Comeback
FOX News, November 13, 2008; http://www.foxnews.com/story/0,2933,451304,00.html

By Steven Milloy

If congressional Republicans -- or what's left of them -- are looking for the path out of the political wilderness following last week's electoral drubbing, there's a shortcut to victory in 2010 being paved for them by the Greens.

Last weekend on Fox News Sunday, Barack Obama's transition chief, John Podesta, said the Obama administration would act quickly to reverse a recent Bush administration move opening up public lands in Utah to oil and gas drilling. Podesta said that it was a "mistake" for the Bush administration to allow drilling "in some of the most sensitive, fragile lands in Utah…"

So, GOP, the battle lines are drawn. Since declining oil and gas prices are likely only temporary, we remain in an energy crisis. The problem could be solved by increasing domestic oil and gas production, but the Obama administration apparently aims to stand four-square against this.

The time has passed for Republicans to fret about being painted by the Greens as "pillagers of the Earth" for supporting drilling in allegedly fragile environments. Let's get real. While such demagoguery is a standard Green tactic to block the development of natural resources, the notion of a "fragile" environment is a canard.

We routinely alter local environments. Any time you stick a shovel in the ground, you've permanently altered the environment. But in a rational world, mere environmental change is not the same as environmental destruction -- and if we are going to pretend that it is, then we're going to have a hard time justifying any development whatsoever.

Moreover, modern oil and gas drillers aim to minimize their environmental impact, out of self-interest if nothing else. The potential legal and reputational liabilities are too great if they don't. Last spring, the U.S. Bureau of Land Management (BLM) even commended three oil and gas drillers (BP America, Devon Energy and Questar) for reducing their footprint on public lands.

Of course, local environments will be disrupted to some limited extent by drilling, but most probably to a much lesser extent than most other sorts of development, whether they be new or expanding suburban communities, roads, farming or a green energy projects -- like wind farms, solar panel fields, and cellulosic ethanol plants.

Consider, for example, how much "fragile" environment would be disturbed by T. Boone Pickens' plan to build the largest wind farm in the world on 400,000 acres in the Texas panhandle. While the Greens say they support Pickens' effort, in what way is the Texas panhandle less fragile than the Utah desert?

Last spring, the BLM placed a moratorium on solar power projects to be built on public lands, pending environmental impact studies. The necessary transmission lines and water use might disturb the native vegetation and wildlife, says the BLM. But the solar power industry screamed bloody murder and the moratorium was soon rescinded.

Given that the Greens oppose oil and gas drilling everywhere, the rest of us -- especially congressional Republicans -- must adopt the solar industry tactic of outspoken outrage if we want to end the Green-induced energy crisis. There is at least one congressional Republican who understands the Greens' no-drilling-anywhere game -- Arizona's John Shadegg.

In an op-ed in the Wall Street Journal in September, Shadegg spotlighted the Greens' "dead-ender" mentality on drilling with respect to leases in Alaska's Chukchi Sea, which holds an estimated 15 billion barrels of oil (a two-year supply) and 76 trillion cubic feet of natural gas (a three-plus-year supply).

Not only have groups like the Sierra Club and EarthJustice challenged the legality of all 748 government-issued leases in the Chukchi, they've challenged the legality of the entire outer continental shelf leasing program itself. Shadegg wrote that the Greens' "incessant legal and administrative challenges make true the Democrat claim that oil from newly opened [public lands] will not reach the market for years."

Last week, Shadegg trounced his Democratic opponent, garnering almost 80 percent of the vote. His success stands in stark contrast to Green-friendly Republicans who were defeated, including New Hampshire Sen. John Sununu and North Carolina Sen. Elizabeth Dole. Then there's Minnesota Sen. Norm Coleman, who may very well lose in a recount against comedian Al Franken. Let's not forget that John McCain's embrace of global warming alarmism garnered him no visible Green support while simultaneously alienating many Republican voters.

Earth to Republicans: the Greens don't and never will support you. That should come as no surprise since they're all about left-wing politics -- not the environment, which they use only as a battering ram/shield for their political agenda. Kowtowing to the Greens is a fool's errand, if not political suicide. In contrast, most Americans want and need energy security and independence. They would vociferously support you in that endeavor.

The Greens plan to make an all-out push for their agenda in 2009, knowing that 2010 is an election year in which politicians, even Democrats, get cautious and avoid radical legislation. Since anything could happen in 2010 -- including the election of a Republican-controlled Congress -- the Greens have no choice but to grab what they can, while they can.

All that stands between America and energy policy disaster in 2009 is the Republican minority in Congress. Averting that disaster and championing domestic production is the path to victory in 2010. If the Republican leadership needs help in getting its arms around the problem, a visit to Rep. Shadegg's office would be a good start.

Agency Begins Process to Allow Drilling off Va. Coast
Washington Post, November 13, 2008; http://www.washingtonpost.com/wp-dyn/content/article/2008/11/12/AR2008111202866.html?hpid=moreheadlines

By Tim Craig

RICHMOND, Nov. 12 -- The Bush administration is moving ahead with efforts to lease the waters off Virginia's coast to companies interested in drilling for oil and natural gas, despite calls from environmentalists that the plan should wait for the new president to take office.

In a statement Wednesday, the Minerals Management Service announced it would start a 45-day public comment period on whether acreage offshore should be leased for exploration and drilling.

Once the public comment period ends, federal authorities would begin an environmental review to determine whether a drilling lease can be executed in 2011.

"This is basically the information-gathering phase," said Blossom Robinson, a spokeswoman for the Minerals Management Service, a division of the Interior Department. "We will find out environmental interests and the interests of the community and state."

The administration's decision to move forward comes four months after President Bush lifted an executive ban on offshore drilling. In September, the Democratic-controlled House and Senate decided not to renew a separate, congressional moratorium on offshore drilling that had been in place for more than two decades.

Randall Luthi, director of the Minerals Management Service, said there hasn't been oil or gas exploration off Virginia's coast since 1983. By moving forward now, the agency is fulfilling a request by Gov. Timothy M. Kaine (D) to open up waters 50 miles offshore for exploration, Luthi said.

In 2006, Kaine signed a bill supporting federal efforts to determine how much natural gas exists 50 or more miles off the Atlantic coast.

In April, the Interior Department issued a revised five-year plan calling for drilling in federal waters off Virginia's coastlines if the federal moratorium were lifted.

"Those two actions allowed us to begin the process," Robinson said.

But Delacey Skinner, Kaine's communications director, said the Bush administration's proposed review goes beyond what Kaine had requested. She said the administration appears to be preparing for a "carte blanche leasing out of drilling rights."

"The state's official position . . . was we asked for a narrow lifting of the moratorium that was targeted specifically for exploratory drilling for natural gas only," Skinner said. "In that sense, this is significantly different from what Virginia was seeking."

Skinner added, "There are a number of issues that Virginians would like to see resolved before anyone moves forward with something this sweeping."

Republicans in the General Assembly are pushing for the sale of leasing rights offshore as a way to increase domestic oil and gas production and generate revenue for the state, which they want to put toward transportation.

Glen Besa, executive director of the Sierra Club, said his organization wants the review period halted until President-elect Barack Obama and the new Congress can decide whether to impose another moratorium.

During the campaign, Obama said he could support limited new drilling offshore if the proper environmental safeguards were met. But his transition chief, John D. Podesta, said over the weekend that Obama might want to slow the Bush administration's plans for offshore oil drilling.

"We are hoping to get a policy responsive to the concerns of global warming and also the issue of oil dependence," Besa said.

Resolution of disputed leases unlikely under Bush, Interior secretary says
E&E News, November 12, 2008; http://www.eenews.net/eenewspm/2008/11/12/4

Ben Geman

The Interior Department is unlikely to resolve the status of late 1990s Gulf of Mexico oil and gas leases during the Bush administration, Interior Secretary Dirk Kempthorne said today.

"I would imagine that that will carry over," Kempthorne told reporters. He said no new agreements are imminent.

Deepwater leases in 1998 and 1999 waive royalties for oil companies even when oil and natural gas prices are high, because they were issued without clauses that suspend the incentive when prices exceed certain limits.

The absence of "price thresholds" could cost in excess of $14 billion over 25 years in forgone royalty payments to the government, according to a Government Accountability Office analysis released last June (E&ENews PM, June 5). However, projected losses vary depending on price and production levels.

Congressional Democrats have offered plans that would bar companies holding 1998-99 leases from future gulf lease sales unless they agree to price thresholds on the contracts or pay other fees. But they have not become law.

Interior reached voluntary deals with a handful of companies that hold 1998-99 leases -- including BP PLC, Royal Dutch Shell Group and ConocoPhillips Co. -- in late 2006 under which they would pay royalties on production from October of that year onward. But many other companies hold leases from these years, as well.

Randall Luthi, who heads Interior's Minerals Management Service, said early this year that efforts to address the 1998-99 leases were on hold pending the outcome of related litigation on Interior's right to condition royalty waivers on energy prices.

Kerr-McGee Oil and Gas Corp., which was purchased by Anadarko Petroleum Corp. in 2006, is challenging the legality of price thresholds contained in leases issued in 1996, 1997 and 2000. The case is currently before the 5th U.S. Circuit Court of Appeals.

Royalty waivers were offered as an incentive under a mid-1990s law, the Deep Water Royalty Relief Act, that was aimed at spurring costly projects to tap resources at deep depths.

Falling crude prices could slow deep-water drilling
Houston Chronicle, November 12, 2008; http://www.chron.com/disp/story.mpl/business/6107661.html

By BRETT CLANTON

So far unscathed by plummeting oil prices, costly deep-water drilling projects in the Gulf of Mexico could soon become less attractive if crude prices continue falling, as they did again Tuesday.

Oil prices closed below $60 a barrel, a level widely considered to be near the break-even point for multibillion-dollar deep-water projects that have been a key driver of Houston’s energy economy in recent years.

If prices go lower still, oil companies could be forced to re-evaluate and possibly postpone deep-water projects, just as they have already done with less-costly land and shallow-water drilling plans, analysts said.

“At $50, they probably start canceling projects or slowing projects up,” said Eric Smith, associate director of the Tulane Energy Institute in New Orleans.

Such a move should not affect projects under way or in the late stages of planning, given the large investments already made, but could affect projects further out.

Yet any pullback would likely be temporary and followed by a rebound based on the same factors that created the most recent boom in offshore drilling: rising global energy demands and pressure to find new sources of oil to feed them.

“The world still runs on oil and gas,” David Williams, chief executive of Noble Corp., an offshore drilling contractor in Sugar Land, said in a recent conference call with analysts. “The meltdown in the financial sector and loss of confidence in the equity markets have not changed this fundamental fact.”

Generally, deep-water oil and gas projects have been viewed as more insulated from commodity price swings than other kinds of exploration. The huge investments required assume operators are committed for many years, and the companies involved are oil majors, national oil companies and large independent producers that have strong enough balance sheets to ride out down cycles.

But the downturn in oil prices has been more dramatic than many had predicted and could make producers reconsider those developments.

“If we continue to see a decline, we’ll start to see more curbing of capital outlays and capital programs,” said Gary Adams, vice chairman of Deloitte’s oil and gas practice in Houston. “I think that is about a year to two-year time frame. Any projects that could start up between now and then could be delayed.”

“I would guess a range of $40 to $50 is where you start to see some eyebrows raised.”

With oil prices down, Brazil’s state-owned oil company, Petrobras, could postpone investments in the Gulf of Mexico to focus on prospects in areas where returns are more certain, Petrobras CEO Jose Sergio Gabrielli said in an interview with the Chronicle last month.

Some offshore blocks leased by Petrobras in the Gulf showed less potential than originally thought, he said.

But most oil and gas companies and offshore drillers have tried to reassure investors that the fundamentals of deep-water drilling remain solid despite current challenges.

“I think most deep-water projects are economic at $60 oil, and we see no change in interest of our customers regarding additional deep-water capacity or renewal of existing deep-water capacity,” Robert Long, CEO and chairman of Transocean, the world’s largest offshore drilling contractor, said during a conference call last week to discuss the company’s third-quarter financial results.

Executives with Anadarko Petroleum Corp. in The Woodlands suggested last month that some of its deep-water projects could still work with oil prices as low as $30 a barrel.

On Tuesday, light, sweet crude for December delivery fell $3.08 to settle at $59.33 a barrel on the New York Mercantile Exchange, the lowest closing price since March 2007.

But past break-even points used to justify deep-water projects are changing.

Weak economic conditions have pushed service and material costs lower, making the economics of the projects more favorable, Adams said.

George Kirkland, Chevron’s executive vice president for global upstream and gas, said it is possible that the timing of some of the San Ramon, Calif.-based oil company’s long-range exploration projects could be delayed if it means achieving a better deal.

“We would, I think, look very strongly at slight movements on projects that made sense from the cost of building them, if it’s going to come down,” he said, according to a transcript of the oil company’s third-quarter conference call. “I actually see this as a real opportunity for companies like Chevron.”

In recent weeks, oil and gas companies have announced plans to reduce capital spending in 2009 in response to the credit crunch, slowing economy and weak commodity price environment.

Mostly, those have been smaller independent producers that focus on natural gas plays on land and in the Gulf’s shallow waters, and are more dependent on the debt markets for funding.

By contrast, at least two major U.S. oil companies recently moved forward with deep-water programs.

This month, Exxon Mobil inked a $1.2 billion deal for a deep-water rig rental, while Marathon Oil green-lighted $1.6 billion in investment on two Gulf of Mexico development projects.

“We look around at where our oil is coming from,” said Tulane’s Smith, “and the growth is in deep-water production.”

Feds: Va. offshore drilling "moving as fast as we can"
Richmond-Times Dispatch, November 12, 2008; http://www.inrich.com/cva/ric/news.apx.-content-articles-RTD-2008-11-12-0191.html

The U.S. Interior Department is seeking comments on the environmental impacts of allowing drilling for oil and natural gas off the coast of Virginia.

"We believe that the Virginia coastal area contains or could contain 130 million barrels of oil and 1.14 trillion cubic feet of natural gas," Randall Luthi, head of the department's Minerals Management Service, told reporters today on a conference call.

President Bush lifted a presidential ban on offshore drilling, and Congress allowed its moratorium to lapse as of Oct. 1. Calls to expand offshore drilling came after oil prices reached a record $147.27 a barrel in July.

President-elect Barack Obama has said he could support drilling as part of a more comprehensive energy plan. Virginia Gov. Timothy M. Kaine, a Democrat, has expressed support for natural-gas exploration off the shores of the state, a view shared by Democratic Sen. Jim Webb and Mark Warner, a Democrat who last week won the state's other Senate seat.

The Virginia Senate this year defeated offshore-drilling measures that would establish trust funds to direct royalties from the energy production.

Luthi said the agency will publish a notice in tomorrow's Federal Register, beginning a 45-day public comment period.

"We are moving as fast as we can," Luthi said of opening access to 2.9 million acres off the shores of Virginia. He said the incoming administration could opt "not to proceed with the sale."

The Interior Department first proposed allowing drilling off Virginia in 2006 as part of its five-year plan for 2007 to 2012. The department, agreeing to requests from the state, proposed a 50-mile buffer off the state's shores.

The state has also requested limiting offshore drilling to natural gas.

"Congress would have to authorize us to issue a gas-only lease," Chris Oynes, associate director of the offshore program, said during the call.

The department said it could hold a lease sale for offshore Virginia by the end of 2011.

Interior takes initial steps towards Va. Leasing
Greenwire, November 12, 2008; http://www.eenews.net/Greenwire/2008/11/12/3

Noelle Straub and Ben Geman

The Interior Department is taking preliminary steps toward allowing oil and gas leasing off Virginia's coast.

The agency's current five-year coastal leasing plan calls for a 2011 lease sale in a region that begins 50 miles from the state's coast. "Right now we think we can make that deadline," Minerals Management Service Director Randall Luthi said today in a conference call with reporters.

MMS believes the area may contain 130 million barrels of oil and 1.14 trillion cubic feet of natural gas, Luthi said.

When the the 2007-12 leasing plan was finalized, both White House and congressional offshore drilling plans were still in place. But President Bush lifted the executive bans this summer, and Democrats reluctantly allowed the congressional bans to expire at the end of September in the face of GOP and White House opposition to renewing them.

"Therefore, this sale now has the opportunity to go forward," Luthi said. "However, before doing that, there is still much work to be done. ... Now we move on the important business of making sure we have all the information necessary to proceed with the sale."

There now will be 45-day public comment periods on two information-gathering steps to kick off the bureaucratic planning process for the sale. Luthi acknowledged that the Obama administration could reverse the entire process, but noted comments during the campaign on the important of energy security.

"They have the option not to proceed with the sale, but at least it's an opportunity to go one way or another," Luthi said.

Luthi also argued that the sale would prevent putting "all those energy eggs in one basket," with drilling currently concentrated in the Gulf Coast.

It remains unclear whether congressional Democrats and President-elect Barack Obama will reimpose some coastal leasing bans. In September, the House approved Democratic legislation that allows drilling farther than 100 miles from the Atlantic and Pacific coasts, and in the 50-100 mile zone if coastal states agree. It did not advance in the Senate.

MMS is issuing a notice that calls for nominations of specific areas to be offered for lease. The notice to be published in tomorrow's Federal Register also broadly calls for comments on various biological, socioeconomic, geological and other information on leasing and development.

MMS also is formally announcing its intent to prepare an environmental impact statement for the lease sale and is seeking comment from various levels of government on issues it should address. The comment period for each lasts 45 days.

Luthi said the notice is an opportunity for members of the public, environmental groups and industry to comment on the possible sale. "It starts off the era of coordination and cooperation, and we're looking forward to it," he said.

The sale was recommended by the Virginia governor, he noted. The state requested gas-only leases, but MMS officials said they do not have the statutory authority to offer leases without oil included. Luthi said the agency would continue to work with the state on that issue.

Both the U.S. Navy and NASA also have expressed some concerns about the plan, but Luthi said the agency would work to address those.

The 2.9 million acres affected by the plan cover a range of depths from 100 feet to well over 10,000 feet of water, Luthi said.

Chris Oynes, associate director of the offshore office, said the amount of information MMS had to estimate the potential amounts of oil and gas in the area is "somewhat limited, somewhat based on old data," since there has not been drilling there since the early 1980s. But he said the agency also considered similar geological areas all the way up to Canada in making the estimates.

Luthi acknowledged that a lack of infrastructure might hamper development in the area. "There will not be production tomorrow as a result of this sale," he said.

Under current law, there would be no royalty revenue sharing with Virginia.

'First step' for Va. oil drilling to be announced Tuesday
The Virginian-Pilot, November 11, 2008; http://hamptonroads.com/2008/11/first-step-va-oil-drilling-be-announced-tuesday

RICHMOND

Virginia is moving forward on potentially allowing commercial oil and natural gas operations off its coast, just months after long-standing federal restrictions on offshore energy production activities were removed.

Randall Luthi, director of the federal Minerals Management Service, is to hold a conference call today announcing "a significant first step in the multi-step leasing process for offshore Virginia," according to a statement from the agency.

The process will include "full public involvement and begin the work for an environmental analysis," the statement said.

Potential drilling off Virginia's coast comes at a politically turbulent time in an energy debate shaped by a faltering national economy, environmental concerns and high gas prices that have spurred chants of "Drill, baby, drill!"

Amid those pressures, quarter-century-old impediments to offshore energy production were lifted this year.

The first was removed over the summer when President Bush withdrew a moratorium blocking leases for oil and gas exploration in marine sanctuaries.

His action was followed in the fall by the failure of Congress to renew its annual moratorium.

How the process progresses will be influenced by President-elect Obama, who has publicly indicated that offshore drilling should be part of a larger energy plan that includes renewable sources.

Also still to be determined by federal lawmakers is how potential offshore energy royalties would be shared with states.

In Virginia, reaction to word that offshore drilling seems to be inching forward was mixed.

"Great," said state Sen. Frank Wagner, a Virginia Beach Republican who has been one of the General Assembly's leading proponents of offshore energy exploration.

It was Wagner's 2006 energy bill that made it Virginia policy to support federal natural gas exploration efforts at least 50 miles off the state coastline.

Wagner predicts that offshore drilling will create scores of "future energy development economy" jobs in Hampton Roads.

Less convinced is Eileen Levandoski, the Sierra Club's Hampton Roads organizer.

At a time when states including Delaware and New Jersey have recently approved wind turbine farms to generate energy, she said, "what does Virginia get...? Offshore drilling."

"It's really sad, when we should be investing in these alternatives," Levandoski added.

The prospect of offshore drilling has not received a warm reception from Navy officials, who as recently as 2006 informed the Minerals Management Service of their opposition because it would interfere with weapons tests and training.

However, drilling proponents hold out hope that an accord can be reached with military officials allowing exploration to proceed.

Crude dips below $60 to lowest level in 20 months
E&E News, November 11, 2008; http://www.eenews.net/eenewspm/2008/11/11/4

Crude oil prices dropped below $60 a barrel to a level last seen in March 2007 as weak economic growth has reduced consumption around the world.

Light, sweet crude for December delivery dipped as much as 6 percent today on the New York Mercantile Exchange to a low of $58.32 per barrel before settling at $59.33.

The drop comes despite indications that Organization of Petroleum Exporting Countries producers have been trimming output to slow the price decline. Several member countries in the cartel have signaled they cut output by about 1.1 million barrels a day, but according to estimates by PFC Energy, a consulting firm, producers have actually trimmed output by about 800,000 barrels a day.

An Iranian official today said the producers could be forced to meet again to discuss more price cuts if prices continued to slide, ahead of a scheduled December meeting in Algeria.

"OPEC appears to be taking this very seriously, and they are telling their customers they would be getting less crude," said Michael Wittner, the global head for oil research at the French bank Société Générale in London. "But prices keep falling because despite all that, the markets have been downshifting to a lower economic growth and slower oil demand" (Jad Mouawad, New York Times, Nov. 11). -- KJH

Environmentalists look to Obama to limit drilling
Reuters, November 10, 2008; http://www.reuters.com/article/environmentNews/idUSTRE4A97OB20081110

By Ayesha Rascoe

WASHINGTON (Reuters) - Environmentalists on Monday applauded an announcement that U.S. President-Elect Barack Obama would consider curtailing oil and gas drilling in some areas, and expressed hope future energy policy decisions would contain more environmental protections.

The co-chair of Obama's transition team, John Podesta, said on Sunday that Obama probably would reverse an executive order by President George W. Bush allowing drilling in fragile lands in Utah.

Mike Daulton, legislative director of the National Audubon Society, said reversing the order would be a promising step away from the Bush administration's energy policy, which he called too slanted toward the oil industry.

"The Bush Administration's policies on drilling should be looked at line by line and there should be fundamental change," Daulton said.

Environmental groups urged Obama to reconsider allowing drilling in the Chukchi and Beaufort Seas off Alaska's coast, home to whales, polar bears and other Artic animals. They also said they hoped Obama will restrict development in certain lands open to drilling in New Mexico and Colorado.

Dave Alberswerth, senior policy advisor at the Wilderness Society, said even if Obama does not issue executive orders reversing Bush policies, his administration could choose not to issue leases in certain areas or issue leases with restrictions.

"Given the fact that there's this huge inventory of leased but undeveloped lands, you don't need to rush into opening these sensitive areas to oil and gas development to meet America's energy needs," Alberswerth said.

Environmental groups also said they hoped Obama would revisit Bush's offshore drilling policy.

Bush lifted the executive order banning drilling off U.S. coasts in July and Congress allowed the ban to expire in October. With the moratorium lifted, drilling can technically take place as close as three miles from U.S. coasts. Environmental groups hope Obama will provide more protection for the coasts.

The House of Representatives passed a comprehensive energy bill that allowed offshore drilling 50 miles from the east and west coasts if states permitted it and completely opening areas more than 100 miles from the coast to oil exploration.

"That is a compromise, one would imagine, a new administration would carefully examine," said Daniel Weiss, a senior fellow at the Center for American Progress.

Members of the oil industry expressed concern about attempts to limit energy exploration on federal lands.

"We are hopeful that the new administration will be thoughtful enough to recognize that it would be a wrong to try and put back some of the drilling moratoria and deny American consumers access to their own oil and natural gas resources," said Karen Matusic, spokeswoman for the American Petroleum Institute.

Matusic called oil and gas production on federal lands essential to meeting America's energy demands and said the oil industry was committed to developing resources in environmentally sensitive way.

Consultant: Rig demand should remain strong
Houston Chronicle, November 10, 2008; http://www.chron.com/disp/story.mpl/headline/biz/6104722.html

Demand for oil rigs should remain "strong" through the financial crisis, driving companies to compete for crews with salary, bonus and accommodation incentives, said Gavin Strachan, a consultant at ODS-Petrodata.

Rising demand for oil and a search for resources as reserves dwindle in maturing areas such as Norway have led to a shortage in rigs, equipment and crew. Floating rigs are needed because they can be used in deeper waters as explorers search in harder- to-reach places and harsher climates.

Rates for the most-sophisticated offshore rigs climbed to a record in July when Italy's Eni SpA hired a Transocean Inc. drillship for $652,000 a day. Exxon Mobil Corp. signed a five- year lease at the same price last month for a Transocean vessel to be built at a South Korean shipyard during the next two years.

"I don't expect demand for oil rigs to be that badly affected by the current credit crisis because the requirement to find oil is so strong," Strachan said in a telephone interview today from Scotland. "We do expect some rigs to be canceled or delayed, but it's too early yet," he said, adding any problems are only likely to be "short-term" because there is not enough oil and gas capacity to meet demand.

The offshore industry may boost its workforce globally by 25 percent, or 20,000, to operate rigs in 2011, led by demand in Brazil and West Africa, according to ODS-Petrodata.

"We haven't felt any pressure on the labor market," Bjoern Tessem, a vice president at the Norwegian Union of Energy Workers, said in a telephone interview today. "Most companies are looking for people, especially for floating rigs."

Rig Salaries

The average salary for a rig worker on the Norwegian continental shelf, who works two weeks on and four weeks off, is about 700,000 kroner ($103,000), while a drilling manager may earn more than 1 million kroner, said Knut Egil Hansen, a spokesman with Norwegian Shipowners' Association, an employer group, in an interview.

Transocean, Diamond Offshore Drilling Inc. and Noble Corp., the biggest U.S.-based offshore drillers, raked in a combined $20 million of profit a day during the first three quarters of this year, a 54 percent increase from a year earlier. The trio has a $64 billion backlog of orders.

"Even at $60, oil companies are making money," Tessem said. "If oil prices go down $40, they might have to revise projects and we'll probably notice it."

About 70 jack-up rigs are likely to be delivered in 2011, along with 50 semi-submersible rigs and 40 drillships for use in deep waters, Strachan said.

The Philadelphia Oil Service Sector Index of 15 drillers and oilfield companies lost half its value this year, on course for the worst performance since 1998, as crude prices declined and slowing economic growth threatened to curb energy demand.

'Supply Crunch'

The International Energy Agency, an adviser to 28 nations, expects oil import prices to rebound to average $100 a barrel between 2008 and 2015 and that the threat of a "supply crunch" remains. The effect of the global crisis on demand won't be enough to offset rising demand in developing countries such as China and India, the Paris-based agency said last week.

Crude oil prices have dropped 55 percent since reaching a high of $147.27 a barrel on July 11.

Most of the deepwater projects that have driven rig rates to unprecedented levels remain economical with oil prices below $70 a barrel, Transocean Chief Executive Officer Robert Long said during a Nov. 5 conference call with investors and analysts.

Offshore labor shortage means high salaries, perks for workers
Greenwire, November 10, 2008; http://www.eenews.net/Greenwire/2008/11/10/6

The financial crisis has led to layoffs in industries worldwide, but one sector continues to recruit aggressively: oil and gas.

Multinational oil companies are struggling to cope with a shortage of specialized labor for offshore rigs, and in response are dangling six-figure salaries, signing bonuses and job-training programs in front of would-be employees. But offshore rig work involves round-the-clock shifts of manual labor, sometimes in harsh weather conditions.

And despite recent drops in oil prices, companies say $65 or $75 per barrel oil is not low enough to derail large rig projects already in the works. Drillers plan to build 180 new offshore rigs around the globe during the next three years, adding to the current total of 640. Each new operation requires an average of 200 workers.

"In 2008, we hired approximately 6,000 new employees and will continue that rate in 2009," said Susan Houghton, a human resources official at Chevron Corp.

Salaries for the most sought-after categories of oil workers have risen about one-third during the past four years, said Stephen Whittaker of Schlumberger Ltd., the world's biggest oil-services company by revenue. An experienced "roughneck," the nickname for a rig worker, can earn $100,000 a year, and top white-collar engineers can make as much as $500,000 a year, industry analysts and officials said.

The labor shortages stem from when companies sharply curbing hiring when oil prices fell in the 1990s . Now, the industry is playing catch-up with widespread recruiting, training efforts and the determination to hold on to workers even through downturns to avoid future labor shortages (John W. Miller, Wall Street Journal [subscription required], Nov. 10). -- KJH
