

## Week in News: March 23-March 29, 2009

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Asbury Park Press, March 29, 2009; <http://www.app.com/article/20090329/OPINION/903290324/1030/OPINION>

### **Submarine electric cables scrutinized**

Cape Cod Times, March 27, 2009;

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### **Interior weighs options to revamp Bush-era endangered species rules**

NYT, March 27, 2009; <http://www.nytimes.com/gwire/2009/03/27/27greenwire-department-weighs-options-to-revamp-bush-esa-r-10325.html>

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Energy Current, March 26, 2009; <http://www.energycurrent.com/index.php?id=2&storyid=16966>

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Oil and Gas Journal, March 25, 2009;

[http://www.ogj.com/display\\_article/357287/7/ONART/none/GenIn/1/Government-industry-teamwork-key-to-meaningful-energy-policy/](http://www.ogj.com/display_article/357287/7/ONART/none/GenIn/1/Government-industry-teamwork-key-to-meaningful-energy-policy/)

### **House bill would reinstate Atlantic leasing bans**

Greenwire, March 25, 2008; <http://www.eenews.net/Greenwire/2009/03/25/5>

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E&E Daily, March 25, 2009; <http://www.eenews.net/EEDaily/2009/03/25/3>

### **Lawmakers eye 'zoning' for new offshore energy development**

E&E Daily, March 25, 2009; <http://www.eenews.net/EEDaily/2009/03/25/2>

### **Salazar Talks Guns, Parks and Solar Power**

NYT, March 24, 2009; <http://greeninc.blogs.nytimes.com/2009/03/24/salazar-talks-guns-parks-and-solar-power/>

### **Oil Drilling Debate Rages on, 20 Years After the Valdez Spill**

US News & World Report, March 24, 2009; <http://www.usnews.com/articles/news/energy/2009/03/24/oil-drilling-debate-rages-on-20-years-after-the-valdez-spill.html>

### **Exxon Valdez, 20 years later**

SF Gate, March 24, 2009; <http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2009/03/24/EDLU16LLAK.DTL>

### **Democratic House chairs ask Obama for 'precautionary' approach on Arctic**

E&E Daily, March 24, 2009; <http://www.eenews.net/EEDaily/2009/03/24/5>

### **Obama promotes budget as medicine for oil addiction**

E&E News, March 23, 2009; <http://www.eenews.net/eenewspm/2009/03/23/1>

### **Oil industry narrows focus on deep water**

Houston Chronicle, March 23, 2009; <http://www.chron.com/disp/story.mpl/business/energy/6334046.html>

### **Impact of Exxon Valdez still felt after 20 years**

Greenwire, March 23, 2009; <http://www.eenews.net/Greenwire/2009/03/23/1/>

### **Lessons of the Exxon Valdez**

NYT, March 23, 2009; [http://www.nytimes.com/2009/03/23/opinion/23mon1.html?\\_r=1&ref=opinion](http://www.nytimes.com/2009/03/23/opinion/23mon1.html?_r=1&ref=opinion)

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## **Don't let Ships of Fools sink the environment**

Asbury Park Press, March 29, 2009; <http://www.app.com/article/20090329/OPINION/903290324/1030/OPINION>

By JOHN WEBER and MATT WALKER

There is an additional day this April to act like a fool — depending on where you live in the U.S. For us, it is April 6, the day of the public hearing on offshore oil and gas exploration at the Atlantic City Convention Center. Additional hearings will be held in Louisiana, Alaska and California.

We suspect entire shiploads of fools will demonstrate their foolishness by supporting offshore drilling, which puts our entire coastal economy and environment at risk.

This Ship of Fools set sail back on Jan. 19, the last day in office for fossil fool No. 1, former President George W. Bush. He instructed his Mineral Management Service to create a new five-year leasing plan for oil and gas exploration which includes the entire East Coast. The new Secretary of the Interior, Ken Salazar, wisely decided to extend the public comment period for six months, and he added the four hearings.

The reasons against offshore drilling are so compelling and so many; it is more like a fleet of fools than just one ship. Here are a few:

**The S.S. Drill Baby Drill.** Some believe expanding production will somehow lower gas prices, make us more energy independent and show all those OPEC nations we mean business. First, we cannot meet our own domestic needs by increasing production. Government estimates say only 229 days of oil and 562 days of gas lies offshore based on 2030 consumption rates, the year this fuel would be available to consumers.

Second, even if we put more fuel in the market, the big producers can just refine less to keep the price up. This is happening right now, pushing the price of gas up again. Furthermore, these companies are free to ship as much domestic oil as they want to other markets. Shockingly, we export 1.8 million gallons a day right now. Finding it here doesn't mean it stays here.

**The S.S. Show Me the Money.** State budgets are already upside down thanks to lower tax revenues and increased unemployment. Oil drilling will not help this situation. From 1954 to 2004, the federal government received roughly \$156 billion in oil revenues from the outer continental shelf, about \$3 billion a year. Coastal states like Louisiana, Texas and California got \$40 million, \$29 million and \$15 million of that in 2004 respectively.

How much revenue does a clean beach generate? Coastal tourism comprises more than half of New Jersey's \$27.7 billion tourism industry and supports nearly 500,000 jobs while indirectly generating \$16.6 billion in wages and \$5.5 billion in state tax revenue. California beaches contributed \$73 billion to the national economy in 1995. This does not include income from residents who chose to live there year-round or property taxes. These are revenue streams that will shrink drastically if the beaches start losing quality.

**The S.S. We Can Do it Safely.** There is a myth, often repeated never supported, that we have learned to drill without harm to the environment. The claim was made that no oil spills or oil problems resulted from hurricanes Katrina and Rita. In fact, U.S. Minerals Management Service found that as a result of both hurricanes, 457 pipelines were damaged, 113 offshore platforms were destroyed and a total of 146 oil spills released nearly three-quarters of a million gallons into the Gulf and surrounding environment.

But the worst ship of all is the S.S. Let Someone Else Fight It. This ship carries the folks who realize this is a terrible idea, a bad gamble financially, ecologically and ethically, but are still too lazy to do anything about it. These may be the biggest fools of all, since they have the power to turn this ship around and help us set a course for more renewable energy, conservation and energy efficiency, which are the real answers to our energy needs.

We hope no one boards this ship and instead they come out to the public hearings and tell their government what a truly foolish idea it is to drill offshore.

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## **Submarine electric cables scrutinized**

Cape Cod Times, March 27, 2009;

<http://www.capecodonline.com/apps/pbcs.dll/article?AID=/20090327/NEWS/903270319>

By Patrick Cassidy

The lead federal agency reviewing the proposed Nantucket Sound wind farm has begun a \$250,000 study on the effects of submarine electric cables on marine wildlife.

The plan by Cape Wind Associates LLC to build 130 wind turbines in the Sound calls for two 115-kilovolt cables that would make landfall in West Yarmouth.

Undersea electric cables, buried beneath the ocean floor, emit an electromagnetic field. The field is a combination of an electrical field created by the electrical charge of a cable and a magnetic field created by the flow of electric current.

U.S. Minerals Management Service — a division of the Interior Department — issued a final environmental report in January that, among other findings, indicated that the effects of electromagnetic fields from the two cables would be negligible. The agency has yet to release a formal decision on whether it will approve a lease for the project, a move that Interior Secretary Ken Salazar recently said could be made in the next several months.

It was not clear yesterday whether the new study would delay a final decision by the federal government on whether to issue a lease to Cape Wind, and MMS spokesmen did not respond to requests for more information.

The MMS study, which will be performed by New Hampshire-based Normandeau Associates, Inc., will examine ways to mitigate the effects of the phenomena. Peter Kinner, a senior vice president with the company, said yesterday that the study was scheduled to be complete in 18 months.

### Work done in Europe

No similar studies have been performed in the United States, he said, but staff with the environmental consulting firm have experience with similar work in Europe. "They're a bit ahead of us here in the U.S. — obviously because they have wind farms," Kinner said.

A pair of 46-kilovolt cables connect Nantucket to the Cape. And there are four 25-kilovolt cables that run from Oak Bluffs and Tisbury on Martha's Vineyard to Surf Drive in Falmouth, according to NStar spokesman Michael Durand.

Neither Durand nor a spokesman for National Grid, which installed the Nantucket cables, could say yesterday what studies had been done on the effects of electromagnetic fields from the submarine transmission lines.

The Vineyard cables are capable of providing a combined 64 megawatts of electricity to the island, said David McGlinchey, executive director of the nonprofit Vineyard Electric Project.

Cape Wind's cables would use alternate current or AC. Research, according to the final report on the project from MMS, shows that marine species such as sharks have shown high sensitivity to weak electric fields but that sensitivity is limited to direct current, or DC, electricity.

The wind farm cables would be buried 6 feet below the seabed and encased in thick armor, Cape Wind spokesman Mark Rodgers said.

Three copper wire bundles at the center of the cable will be surrounded by 11 layers of metal and plastic insulation, he said. "Both of these measures will minimize the release of (electromagnetic fields) in the aquatic environment."

### Danish survey

A 2006 report on wind farms published by the Danish government found few effects from electromagnetic fields on fisheries at the 72-turbine Nysted Wind Farm in the Baltic Sea.

"As electromagnetic fields are sensed by some fish species, the power cables may influence the behaviour and migration of the fish fauna in areas traversed by the cables," the report's authors wrote. "In the extreme case the cable could act as a barrier to the migration of fish, especially for species that use the Earth's magnetic field for navigation and orientation."

Depending on the species, fish may be either attracted or repulsed by submarine electric cables, according to the report. The migration of sand eels, for example, was not adversely affected by the cables' presence. Migration patterns of Baltic herring, the common eel, Atlantic cod and flounder, however, may have been "impaired" by the electric cables.

The report concluded that, while the effects of the electromagnetic fields appeared weak, more detailed studies are necessary.

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### **Interior weighs options to revamp Bush-era endangered species rules**

NYT, March 27, 2009; <http://www.nytimes.com/gwire/2009/03/27/27greenwire-department-weighs-options-to-revamp-bush-esa-r-10325.html>

By ALLISON WINTER

In an effort to revamp the endangered species regulations that were completed in the final months of the Bush administration, the Interior Department is considering whether to go through the traditional rulemaking process or fast-track new regulations without public notice and comment, a senior official said yesterday.

Tom Strickland, the nominee to serve as assistant secretary for fish and wildlife and parks, said that department officials have "not ruled anything out" with respect to the endangered species rules.

Strickland, a former U.S. attorney, is currently serving as Interior Secretary Ken Salazar's chief of staff. At his confirmation hearing yesterday, Senate Environment and Public Works Chairwoman Barbara Boxer (D-Calif.) predicted that her panel would approve his nomination early next week. Strickland also won broad backing at an earlier hearing in the Senate Energy and Natural Resources Committee.

At issue for the endangered species rules are controversial regulations that the Bush administration finalized last December. The Obama administration is exploring whether revisions to those rules should come through a traditional rulemaking process or under the expedited authority Congress gave the department as part of its 2009 spending bill, Strickland said.

The Bush administration rules made it optional for agencies to consult with Fish and Wildlife Service biologists on actions that might threaten species. Environmentalists, wildlife biologists and Democrats blasted the regulations -- saying the consultations were key protections in the Endangered Species Act.

Congress responded with a rider in the fiscal 2009 omnibus spending bill that gives the Interior Department significant leeway to expedite a reversal of the ESA rule and another controversial Bush administration regulation that limited protections for the polar bear. The spending bill allows Interior to skip the usual public notice and comment period and other regulatory requirements, and stipulates that Interior can withdraw or reissue the rules within 60 days "without regard to any provision of statute or regulation."

The rider riled Republicans. Sen. James Inhofe (R-Okla.), the ranking member on the Environment and Public Works Committee, told Strickland at the confirmation hearing yesterday that he was "very troubled" that Interior might skip the rulemaking process. Sen. Kay Bailey Hutchison (R-Texas) raised similar concerns earlier this month at the confirmation hearing for Commerce Secretary Gary Locke.

"My concern is not that reasonable minds disagree about whether these are good rules or about the department's authority to properly revisit the rules," Inhofe said. "Rather, I am appalled that Congress has given the services the unusual authority to waive all requirements for public input and allowance for legal objections."

In remarks after the hearing yesterday, Strickland said the department may not take the expedited route. Prior to passage of the spending bill, the agency had already started work on the formal rulemaking process to alter the rules.

"We had already commenced that [traditional review] pursuant to the president's directive, and then we were given an additional, if you will, arrow in our quiver. We haven't made any decisions," Strickland said.

Obama issued a memorandum earlier this month that gave the department authority to revert to its previous longstanding practice of wildlife consultations while considering the rule revisions. The presidential directive instructs federal agencies to consult with government biologists over whether their actions may harm threatened or endangered species and asks the Interior and Commerce departments to review the regulations.

The regulations are not the only aspect of the endangered species program now under review. Strickland also pledged, if confirmed, to come down hard on any corruption or undue political influence at the agency, especially with the endangered species program and the Minerals Management Service.

"One of the reasons [Salazar] asked me to join him in this job is as a former federal prosecutor, he asked me to come and help him address some of the historic issues that plague the department," Strickland told the panel. "We sent a message throughout the department that the rule of law will apply, and policy decisions will be based on science and on the appropriate considerations, not politics or special interest."

The Interior Department came under fire during the Bush administration after scathing reports from former Interior Inspector General Earl Devaney uncovered undue political influence on endangered species decisions and corruption in MMS's royalty department.

Climate change and wildlife refuges

The new leadership at the department also plans to put special focus on climate change, Strickland said, and work to ramp up climate mitigation plans that had just begun under the Bush administration.

"I think it's fair to say that the department has been behind the curve on this and we have some catching up to do," Strickland told the panel.

The nominee said the agency plans to "fast track" a baseline analysis of the changes that are affecting wildlife refuges and determine what remedial efforts it needs to take, whether that be restoring habitat or acquiring additional land.

"We are going to do it on an accelerated basis and do it with a sense of urgency and mission because we understand that these species, if their habitat is no longer available, will be pressured and we could lose them, so it is a very important part of our goal," Strickland said.

In remarks after the hearing, Strickland acknowledged that the agency has not yet started any new programs to address climate change. He said officials are still working on assessments and mitigation plans begun in the last year of the Bush administration. If confirmed, he said he and other department leaders would develop a more specific game plan to "see how quickly we can move this effort along."

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### **Industry paid \$2.2M in fines last year**

Greenwire, March 27, 2009; <http://www.eenews.net/Greenwire/2009/03/27/9>

Noelle Straub

The Minerals Management Service collected \$2.2 million in fines last year from the offshore oil and gas industry for violations of various safety and environmental protection rules.

The amount covers 31 penalties paid for violations of the Outer Continental Shelf Lands Act. The largest penalty, \$505,000, was paid by Pogo Producing Co. for causing a large oil slick and other pollution, according to a summary that will be published in the Federal Register on Monday. MMS is the Interior Department agency that regulates offshore energy production.

"During the investigation of a three-quarter mile by 16 mile oil slick on November 29, 2006, the MMS inspector discovered operators had bypassed basically the entire platform safety system including the emergency shut down to keep production online," the summary states. "Further investigation revealed a second pollution incident on

November 21, 2006, in which oil was blown out of the flare boom leaving the platform covered with oil and causing pollution."

Linder Oil Co., A Partnership, paid the next largest penalty, \$180,000, for valves bypassed with fusible caps and an open-ended line on a fuel gas header, MMS said.

"The purpose of publishing the penalties summary is to provide information to the public on violations of the Outer Continental Shelf Lands Act and to provide an additional incentive for safe and environmentally sound operations," the notice states.

In 2007, MMS collected \$3.1 million in civil penalties, while the year before, the agency collected about \$1.5 million. It collected nearly \$796,600 in 2005, \$885,750 in 2004, and \$2.7 million in 2003. The amounts collected typically represent penalties related to violations that occurred in several different calendar years.

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### **Let's protect fishing for future generations**

Bristol Bay Times, March 26, 2009; <http://www.thebristolbaytimes.com/news/show/5371>

Verner Wilson

This week, March 24, marked the 20th anniversary of the Exxon Valdez disaster. And many affected fishermen throughout Alaska are still waiting for some compensation from the damages as a result of the spill.

Twenty years later, we have learned more and enacted better laws to try to prevent other disasters in the future. But there are major gaps in our preparedness for another oil spill. This issue is quite urgent and important because the Minerals Management Service plans to lease 5.6 million acres in Bristol Bay — our most productive fishery — for offshore oil and gas development in 2011. As people who depend so much on our renewable marine resources, we who call Bristol Bay home must understand and consider the risks of offshore development as we debate whether to allow it to happen in our home waters of Bristol Bay.

I have had the great opportunity to visit villages throughout our region. I've been from Sand Point to Togiak this year in my work with the World Wildlife Fund, telling others of what I've learned about on the impacts of offshore drilling. Potential oil spills from drilling platforms; air and water pollution from infrastructure and operations; noise from seismic activity that disturbs marine mammals and even fish; and contaminants that are released in most offshore operations are still a major hazard to fisheries and marine life. We are not guaranteed by the oil industry and the federal government that a spill could be prevented. In fact, the Minerals Management Service postulates that up to 13 large spills may occur in the Bristol Bay leasing area, including a large one of up to 42,000 gallons. Despite the advance in many technologies, the oil industry has yet to prove it can effectively clean up spills in icy, cold waters like in the Bering Sea.

There are many Alaskans who are very familiar with the tragic legacy of an oil spill. Some of these stories are described in the book "Not One Drop" by Riki Ott, a brave and smart fisherwoman who has dedicated her life to teaching others about how the Exxon Valdez spill affected Cordova and other fishing villages throughout Alaska. I heard some of these stories first hand from Rory Merritt, an Alaskan whose family lives in Cordova and fished in Prince William Sound for decades. During our environmental justice course at college, Rory spoke to students of the grueling experiences his family had faced when their fishing livelihoods were in shatters after the spill.

Even today, Prince William Sound's herring fishery has yet to recover. We cannot allow let that happen to one of the last great herring fisheries in the world in Togiak.

While a real spill would be devastating, even the perception of possible contamination of our fish would taint our wild fish reputation. Wild fish are one of Bristol Bay's most valuable assets, recognized around the world. Alaska Seafood Marketing Institute has published a survey that showed more than 80 percent of American diners prefer fish that are "Alaska wild" because of its clean image. Chile's farmed salmon exports are estimated to be reduced by 50 percent this year, because of a parasite that has affected their farmed fish. All these factors probably mean an increased demand and price for our Bristol Bay wild salmon.

Today Bristol Bay faces several threats in the near future. Ocean acidification and global warming have the potential to cause major changes in our northern oceans. Now additional factors such as the Pebble mine and proposed offshore drilling are putting our renewable fisheries and livelihoods in danger for short term gain with little

benefit to the people of Bristol Bay. Both the Pebble mine and offshore drilling would have short life span of around 40 years, leaving destruction and pollution in their wake.

Bristol Bay residents would not even gain much from offshore drilling. Some local people think we will get tax revenues, good jobs and cheaper gas. Unlike drilling on the North Slope, offshore leases are in federal waters and local communities will not receive large influxes of income from these leases. As for local jobs, oil companies on the North Slope have a record of hiring less than 2 percent of North Slope local residents, and the oil companies cannot guarantee our people would get good paying jobs from drilling in Bristol Bay. Additionally, there is no indication that Bristol Bay residents would pay less for heating oil and gas; North Slope residents still pay some of the highest prices of gas in the nation, even though they are the ones producing crude fuel.

If we want new investment in energy for Bristol Bay residents, this should be in long-term, sustainable renewable energy resources that will really benefit our communities.

We have to ask the question, why should we allow the oil industry to risk our fisheries and way of life, who will not even contribute to our nation's future well-being? Bristol Bay, our state and the whole world need a change. The recent appropriations bill passed by Congress and signed by President Obama allocates more than \$6 million in geothermal projects in Bristol Bay Borough and Unalaska to reduce our dependence on fossil fuels — a step in the right direction. We need more of that, rather than a rush to develop offshore oil and gas.

I hope you will join in on our fight to educate others about this issue. There are some opportunities for you to participate in this important discussion about our future. On April 14, Interior Secretary Ken Salazar will be holding a public hearing in Anchorage to hear public comments on offshore drilling in Alaska. If you are in Anchorage, please join us in providing your testimony. If not, you can sign the petition "Fishermen for Protecting Bristol Bay from Offshore Drilling," which I am proud to say that more than 650 Bristol Bay fishermen have signed so far. We are trying to get even more for Salazar's visit, and will put all names of people who sign in an advertisement. You can visit Nunamta Aulukestai's office on Main Street in Dillingham, or e-mail me at [Verner.Wilson@wwfus.org](mailto:Verner.Wilson@wwfus.org) to sign. Please include your name, address, phone, e-mail (if you want updates) and indicate what fishery you participate in by April 7. Thank you, together we will protect our fishing families and future generations.

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### **MMS hands out SAFE awards**

Energy Current, March 26, 2009; <http://www.energycurrent.com/index.php?id=2&storyid=16966>

NEW ORLEANS: The U.S. Minerals Management Service (MMS) has announced the 2008 District Safety Award for Excellence (SAFE) winners for the Gulf of Mexico region.

The SAFE program, established in 1983, recognizes operating companies that conduct their operations in a safe manner, adhering to all regulatory requirements, employing trained and motivated personnel, and enhancing safe operations. Winners are selected by each district office on the basis of safety performance and compliance with applicable regulations within the district during the rating period.

MMS Regional Director Lars Herbst said, "The MMS Gulf of Mexico Region is focused on having the safest and most environmentally sound operations on the Outer Continental Shelf. We take great pride in recognizing those companies that choose to be safety and environmental leaders, setting the example for others to follow."

Winners in the New Orleans district were BP Corp. North America for high production, Murphy Exploration & Production Co. - Medusa Spar for moderate production, Ensco International for drilling contractor and Grasso Production Management for production contractor.

In the Houma district, winners were BP Exploration & Production for high production, Energy Partners, Ltd.. for moderate production, Diamond Offshore Drilling Inc. semisubmersible Ocean Endeavor for drilling contractor and Danos & Curole Marine Contractors, Inc. for production contractor.

Winners in the Lafayette district were Devon Energy Production Company for high production, Transocean for drilling contractor and Quality Production Management for production contractor.

Winners in the Lake Charles district were Devon Energy Production Company for high production, Seneca Resources Corp. for moderate production, Rowan Drilling Co. jackup Rowan Louisiana for drilling contractor and Wood Group Production Services for production contractor.

Winners in the Lake Jackson district were ExxonMobil Corp. - Hoover Spar for high production and Rowan Drilling Co. jackup Bob Palmer for drilling contractor.

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### **Government-industry teamwork key to meaningful energy policy**

Oil and Gas Journal, March 25, 2009;

[http://www.ogj.com/display\\_article/357287/7/ONART/none/GenIn/1/Government-industry-teamwork-key-to-meaningful-energy-policy/](http://www.ogj.com/display_article/357287/7/ONART/none/GenIn/1/Government-industry-teamwork-key-to-meaningful-energy-policy/)

Nick Snow

WASHINGTON, DC, Mar. 25 -- Federal leaders and the US oil and gas industry will need to cooperate closely if the US expects to develop a comprehensive energy policy, three members of the 111th Congress and a trade association leader agreed on Mar. 24.

"This administration and most of Congress support more oil and gas drilling, but it will be done responsibly and with more care to avoid the abuses of the past and to maximize returns to the public," US House Natural Resources Committee Chairman Nick J. Rahall (D-W.Va.) said during the "Energy Policy Perspectives for Congress and a New Administration" forum cosponsored by Newsweek magazine and the American Petroleum Institute.

Rahill noted that subcommittees within his committee already have held six hearings in 2009 examining aspects of energy development on the US Outer Continental Shelf, including alternative and renewable technologies as well as oil and gas.

"Now that the moratoriums have been lifted, we've been asking whether the American people want drilling as close as 3 miles offshore in some cases, whether some areas should be off limits, and how to improve royalty collections and management. Transparency and accountability are our guiding principles," Rahall said.

Other panelists warned that imposing billions of dollars in new taxes and fees on oil and gas producers, as the Obama administration proposed in its fiscal 2010 budget request, would have the worst impact at the wrong time if US producers are expected to contribute to a general economic recovery. "We cannot tax our way out of energy problems. New taxes ultimately mean less energy. They would simply make a bad situation worse," API President Jack N. Gerard said.

'Counterproductive'

"To pull the rug out from under this industry at the time we're trying to encourage oil and gas, as well as wind, solar, and tidal energy development is counterproductive," said US Sen. Mary L. Landrieu (D-La.), a member of the Energy and Natural Resources Committee. "Americans want to be energy secure. They're tired of being held hostage by foreign oil suppliers," she said.

Rep. Doc Hastings (R-Wash.), the Natural Resources Committee's ranking minority member, said more members of Congress must realize that their decisions have a major impact on energy development. He said he plans to encourage more access and development of domestic resources. "In 2 short months, the Obama administration has established a clear record of opposing domestic oil and gas development," he added.

A fifth panelist, Jonathan Alter, a Newsweek senior editor and columnist, said that there have been major changes in Obama's energy strategy since the presidential campaign, when the candidate proposed spending \$150 billion on renewable energy technology development and deployment over 10 years. The economic stimulus package, passed soon after Obama became president, contains \$60 billion for renewables, which effectively puts it in the fourth year of his earlier program, he noted.

Alter also said that political sentiment is strong for OCS energy development, which Obama reluctantly endorsed as a candidate. "The 'all of the above' notion has the political momentum. I think we'll see some foot dragging but, eventually, some drilling," he predicted.



Landrieu said she is encouraged by US Interior Secretary Ken Salazar's declaration that he supports development of more domestic oil and gas. The latest federal OCS lease sale firmly established revenue-sharing with affected states and coastal communities as a precedent, she pointed out. "I'm excited about these smarter partnerships. I hope we can pursue possibilities off the coasts of Virginia, South Carolina, and even California," she said.

#### Keeping what we spend

"High oil prices are a problem for everybody. But when the oil is produced domestically, we keep the money we spend in our US economy," Landrieu observed, adding that she hopes the Obama administration backs down on its proposal to add new oil and gas taxes and fees.

Panelists were less optimistic for the prospects of an ambitious cap-and-trade bill aimed at capturing greenhouse gases. Rahall said that, unlike 2008 when major bills originated in the Senate, "we're jumping out first in the House." But he added that overly aggressive legislation does not have a very good chance because it would seriously disrupt coal and heavy industry.

"I think we should avoid imposing deadlines too quickly before we've developed the technology," Rahill said. He predicted that a bill could emerge from the House Energy and Commerce Committee by Memorial Day and pass the entire House by the August recess. Rahill said he hopes any climate change bill includes a carbon capture and storage (CCS) provision. He noted that a bill Rep. Rick Boucher (D-Va.) introduced on Mar. 24 would collect \$1 billion annually from electricity producers for a fund that would award grants to large-scale projects advancing commercial CCS projects.

API's Gerard indicated that the oil and gas industry has been in the CCS business for 40 years because it uses it for enhanced oil recovery. He also did not give an ambitious cap-and-trade program a very good chance of becoming law. "This will be very difficult because it's a complex issue at a time when we're having economic problems. A positive energy policy would make a much more positive contribution," he said.

"People are very scared that gasoline prices will go back up. Putting a cap-and-trade program on top of a comprehensive energy policy would make things too complicated. I realize we have to do something about greenhouse gases, but we have to learn to walk before we run," Landrieu said.

#### Restore balance

Rahall said he expects the Natural Resources Committee to address two main issues this session: OCS energy development, and energy development on other public lands. Both will need to include alternatives and renewables because it's time to restore some balance after years of policies tilted toward oil and gas at the US Department of the Interior, he maintained.

He also disputed the idea that the US is not aggressively producing oil and gas already, noting that the nation is the third largest global oil producer and is No. 2 in gas. "We are actively going after our own resources. But the amount of drilling we do has little to do with the price of gasoline. In reality, the price of oil and gas determines the amount of drilling, which has fallen with prices the past few months," Rahall said.

Landrieu agreed that producers have scaled back their plans. "But there's so much uncertainty about future policies, particularly with the president's tax proposals, that the industry has grown nervous," she said.

Following the forum Gerard said the oil and gas industry is not where it was 6 months ago, but is down-sizing and cutting back in response to falling demand. He said one major oil company's chief executive told him recently that he was deficit-spending this year to keep his employees on board so that they and the company will be ready when the economy rebounds.

"If you want real revenue, you promote development of domestic oil and gas resources. That creates jobs and fills government coffers," API's president said.

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#### **House bill would reinstate Atlantic leasing bans**

Greenwire, March 25, 2008; <http://www.eenews.net/Greenwire/2009/03/25/5>

Ben Geman

Some East Coast Democrats yesterday introduced House legislation that would permanently reimpose bans on offshore oil-and-gas drilling along the Atlantic Coast that lapsed last year.

The measure would prevent leasing in what are called the mid- and North-Atlantic planning areas, which extend from North Carolina through Maine. The sponsors are Reps. Frank Pallone, Albio Sires and Steven Rothman of New Jersey; James Moran of Virginia; and Kathy Castor of Florida.

The bill would scuttle a lease sale planned for 2011 off Virginia under the Interior Department's five-year leasing plan. In addition, the Bush administration, shortly before leaving office, floated a draft leasing plan that would include several Atlantic lease sales, as part of a major overall expansion of outer continental shelf development.

But Interior Secretary Ken Salazar has delayed the Bush administration proposal for at least six months while the Obama administration formulates its own offshore leasing plans. In February, Salazar extended the public comment period on the Bush-era draft until Sept. 23 and announced several regional meetings to help Interior craft its plans.

While administration officials have signaled some openness to wider offshore leasing, their plans are expected to be substantially more narrow than the Bush-era draft.

President George W. Bush removed bans covering the East and West coasts last July, and lawmakers -- during a 2008 election season marked by soaring energy prices -- allowed overlapping congressional limits to lapse a couple of months later. Most of the eastern Gulf of Mexico remains off-limits under a separate 2006 law.

The new bill could face high hurdles as senior Democrats have said they will not seek a blanket reimposition of outer continental shelf leasing limits. Nonetheless, the administration and lawmakers have signaled they favor some protections.

House Natural Resources Chairman Nick Rahall (D-W.Va.) yesterday said one place to start could be legislation the House passed last year that would have allowed drilling more than 100 miles from the Atlantic and Pacific coasts, and as close as 50 miles from shore if coastal states agree to it. The measure did not advance in the Senate.

However, it is not clear if congressional Democrats will wade back into what would be a bruising battle over where leasing can occur, or instead allow Interior alone to address the issue through its administrative discretion on where to sell leases.

"It is not definitely headed toward a piece of legislation. Rather we want to be prepared if asked by the Obama administration or our own leadership, to offer our proposals for an energy bill, then we want to be prepared to do that," Rahall told reporters yesterday.

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### **House Dems reintroduce bill that would speed offshore development**

E&E Daily, March 25, 2009; <http://www.eenews.net/EEDaily/2009/03/25/3>

Katie Howell

Legislation introduced yesterday in the House would help designate and speed up the permit process for offshore renewable energy initiatives, such as wind, solar, wave and ocean current projects.

The bill from Rep. Lois Capps (D-Calif.) is similar to legislation (H.R. 5452) that stalled in a subcommittee last year after being blasted by a Bush administration official.

It would provide funding through a new grant program under the Coastal Zone Management Act that would allow coastal states to complete voluntary surveys of the outer continental shelf and adjacent coastal areas to identify waters suitable for offshore renewable energy development.

Reauthorizing the Coastal Zone Management Act is a top priority of the Natural Resources Committee, an aide said, and Capps hopes to include the legislation introduced yesterday in that reauthorization. "It's clear that we must invest in renewable energy in order to mitigate global warming and free our country from its dependence on fossil fuels," Capps said in a statement. "This is the right approach at the right time as we work to meet our growing energy needs."

The legislation encourages coastal states to collaborate with federal agencies to classify offshore areas that would be appropriate for renewable energy projects in an effort to curb conflicts between states and the federal government when projects are proposed.

"Unlike offshore oil and gas development, which is dirty, dangerous and finite, offshore renewable energy sources are truly the 'wave of the future' offering clean, renewable energy with a nearly unlimited supply," Capps said.

Ian Bowles, secretary of Massachusetts' executive office of energy and environmental affairs, said the bill would help his state in its effort to develop a plan for offshore energy development. "I think your legislation is terrific," Bowles told Capps at a hearing yesterday. "It would really help us."

Similar legislation introduced last year was blasted in a House subcommittee hearing by David Kennedy, director of the National Oceanic and Atmospheric Administration's Ocean and Coastal Resource Management Office. Kennedy said the bill would duplicate efforts by NOAA and other federal agencies that already have "extensive expertise and existing hydrographic, oceanographic and geographic data for many of these areas" (E&E Daily, Feb. 29, 2008).

Kennedy said states should instead coordinate efforts with NOAA and the Minerals Management Service, which grants leases, easements and rights of way on the outer continental shelf.

But Capps remains optimistic the legislation will move forward in the 111th Congress.

"We are fortunate to finally have an administration who understands the importance of tackling climate change and recognizes that a key to doing that is gaining energy independence through the increased use of renewable energy resources," she said in an e-mailed statement. "Working together with my congressional colleagues and President Obama, I am very hopeful that we can pass this forward-thinking piece of legislation that will promote the development of environmentally sound offshore renewable energy projects."

Joining Capps in sponsoring the bill are Democratic Reps. William Delahunt and Jim McGovern of Massachusetts, Sam Farr of California, Joe Sestak of Pennsylvania and Del. Madeleine Bordallo (D-Guam).

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### **Lawmakers eye 'zoning' for new offshore energy development**

E&E Daily, March 25, 2009; <http://www.eenews.net/EEDaily/2009/03/25/2>

Allison Winter

Key House lawmakers are eyeing a new system of ocean "zoning" as one way to safeguard marine resources as they seek to expand offshore energy development.

Senior Natural Resources Committee members said yesterday that any new energy legislation this year should include requirements for the government to develop comprehensive plans for the ocean -- plans that could designate certain areas of the sea for energy development and set aside others for special protection.

At issue is how to deal with expanding demands for energy development in the outer continental shelf (OCS). After Congress lifted a moratorium on offshore drilling last year, some lawmakers want to put a new system of zoning, or "marine spatial planning," in place before developers rush to site oil, wind or wave energy development offshore.

"In order to make responsible energy development decisions in the OCS, we need to know not only where the greatest energy resources are, but also where the most critical fisheries and marine mammal habitats are, where other important ecologically sensitive areas are located, and the current uses of the ocean areas in question," said Del. Madeleine Bordallo (D-Guam), chairwoman of the Oceans and Wildlife Subcommittee.

If successful, advocates say the plans could identify and protect special marine resources while providing more certainty to energy developers who want to work offshore. Otherwise, energy development companies could go through years of planning and development for an area where regulators or the public later decide they do not want any development.

Rep. Jim Costa (D-Calif.), chairman of the Energy and Mineral Resources Subcommittee, said energy legislation should include a "comprehensive planning process" that brings stakeholders together to site areas for oil and gas drilling, wind energy and wave energy. "I believe there are large resources out there that we can develop cleanly and safely, and for the benefit of all Americans," Costa said. "But I also believe there are areas that are not appropriate for oil and gas development."

The two subcommittees vetted the idea at a hearing yesterday that also marked the 20th anniversary of the Exxon Valdez oil spill. Bordallo said the plans could help safeguard key marine resources as new offshore development begins -- noting that reinstating the moratorium on offshore drilling is not an option, given the administration's plans to make drilling part of a broader energy strategy.

Natural Resources Chairman Nick Rahall (D-W.Va.) also noted a need for planning, telling reporters there is a need to delineate areas that will not be open to leasing, while reiterating that there will not be an effort to fully reinstate offshore drilling bans.

Efforts to create maps and plans for development in the sea could prove complicated. Republicans on the panel questioned whether the zoning would work. "Is it really a good idea to zone before we know where all the oil and gas is?" said Rep. Louie Gohmert (R-Texas).

Some states where officials are already trying to develop plans for states waters have run into problems in their attempts to chart critical fisheries, marine mammal habitats and energy resources. Ian Bowles, secretary of Massachusetts's executive office of energy and environmental affairs, said the National Oceanic and Atmospheric Administration does not currently have all of the information needed to create the plans.

"There are big data gaps," Bowles said. "NOAA doesn't do this for a living."

But marine experts said that with federal assistance and directives the plans should be able to be developed. For example, Australia developed a massive plan for marine waters around the Great Barrier Reef in a manner of two years.

"Dealing with the ocean is just a different kind of animal than zoning on land, and it's going to require a different kind of dexterity," said Thomas Kitsos of the Joint Ocean Commission Initiative. "But it's doable and would provide certainty."

Bowles recommended that some of the revenues from offshore energy development should go toward funding development of the plans. And Kitsos called for a White House ocean adviser to oversee the process.

The hearing came as Rep. Lois Capps (D-Calif.) introduced a bill yesterday that would give money to states to survey their coastlines for suitable sites for renewable energy.

#### Bristol Bay and the Arctic

Energy development plans are of particular concern to commercial fishers working in Alaska's Bristol Bay, a rich fishing ground where the Minerals Management Service has scheduled a lease sale for 2011. Fishers in the area want it to be set aside and no energy development allowed.

"I'm terrified," Keith Colburn, a commercial crab fisher in the Bristol Bay and star of the Discovery Channel series "Deadliest Catch," told the panel yesterday. "I've seen the crab stock completely disappear with the exploration and seismic testing, and that's just stage one."

A group of other Bristol Bay fishers traveled to Washington, D.C., this week to ask lawmakers to take the area out of the drilling program and place special protections for the region.

The bay is not the only Arctic region under scrutiny. Nearly 70 House Democrats -- including several committee chairmen -- asked President Obama yesterday to implement "science-based precautionary management" for Arctic regions they say are threatened by oil and gas development and climate change.

The lawmakers, including Rahall and Energy and Commerce Chairman Henry Waxman (D-Calif.), sent a letter yesterday expressing concern with development regions including the Beaufort and Chukchi seas and the Teshekpuk Lake region of the National Petroleum Reserve-Alaska.

Comprehensive bill?

Yesterday's hearing was the committee's sixth this year on offshore energy policy. But Rahall told reporters that he is not certain the hearings will lead to comprehensive legislation from his panel.

"It is not definitely headed toward a piece of legislation. Rather we want to be prepared if asked by the Obama administration or our own leadership, to offer our proposals for an energy bill, than we want to be prepared to do that," he said.

Rahall said his committee does not plan to add measures to the energy and climate bill that Energy and Commerce Chairman Henry Waxman (D-Calif.) plans to mark up by Memorial Day.

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### **Salazar Talks Guns, Parks and Solar Power**

NYT, March 24, 2009; <http://greeninc.blogs.nytimes.com/2009/03/24/salazar-talks-guns-parks-and-solar-power/>

By Kate Galbraith

In an interview last Friday with The New York Times, Interior Secretary Ken Salazar promised "aggressive" pursuit of renewable energy projects on public lands, but provided no firm date for his department's highly anticipated decision on the Cape Wind project in Massachusetts.

"From my point of view, I am not going to let political issues stand in the way of us moving forward with an energy program in the offshore," he said.

Interior's issuance of new rules for all offshore wind projects is likely to "happen relatively soon," he said — after he holds a series of hearings around the country on development of the outer continental shelf.

He said he would "process the Cape Wind project in accordance with the way we look at all the rest."

Mr. Salazar said that the department had received "about 200 applications" for solar power plants on lands belonging to the Bureau of Land Management, and about 20 applications for on-shore wind energy projects on B.L.M. lands.

But as Mr. Salazar moves forward with his priorities of promoting renewable energy and transmission on public lands, he is already encountering some obstacles.

On some lands in California's Mojave Desert, Senator Dianne Feinstein wrote to Mr. Salazar expressing concerns about the potential impact of solar development on the desert landscape. Mr. Salazar said he met with the senator earlier last week, and that the two staffs were also meeting to discuss the issue.

Asked whether there might be challenges to laying transmission lines across sovereign Indian lands, Mr. Salazar said it was "definitely a reality that has to be dealt with, and it can either be seen as a conflict or it can be seen as an opportunity."

Mr. Salazar said that his agency was also looking into the possibility of carbon capture and storage on public lands, and noted that the United States Geological Survey had just published a methodology that would help assess what lands — including public lands — were most appropriate for the technology.

On allowing concealed weapons into national parks — a controversial policy that the Bush administration adopted but that a federal judge suspended last week — Mr. Salazar said that he was still reviewing the judge's decision.

From a personal standpoint, "I am a defender of the Second Amendment," he said. "I grew up with a gun next to my bed because I lived so far away from where there were any cities or any lights." He added that in making a decision he would balance "protecting the public safety and at the same time honoring the Second Amendment."

The National Rifle Association has appealed the judge's ruling.

Two months after being confirmed as Interior Secretary, Mr. Salazar said that he still marveled at the scope of his department. "It is frankly the department of the Americas," he said. "It's a department that goes from from sea to shining sea and then beyond."

His spacious office contains a large painting titled "Navajos Breaking Camp" by Ira Diamond Gerald Cassidy, a bust of Theodore Roosevelt, and a photograph — perched just above the rack where he hangs his cowboy hat — of Mr. Salazar and his brother branding a steer.

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### **Oil Drilling Debate Rages on, 20 Years After the Valdez Spill**

US News & World Report, March 24, 2009; <http://www.usnews.com/articles/news/energy/2009/03/24/oil-drilling-debate-rages-on-20-years-after-the-valdez-spill.html>

By Kent Garber

Twenty years ago today, the oil tanker Exxon Valdez ran into a reef in southern Alaska's Prince William Sound, after its crew, hoping to dodge breakaway ice from a nearby glacier, steered it out of the tanker lanes. More than 11 million gallons of oil were spilled in the crash, triggering one of the worst ecological disasters in U.S. history.

The disaster was a catalyst for major changes within the oil industry. Congress quickly passed tougher safety laws, and oil companies gradually adopted more advanced technology. Today, these improvements are one of the main pieces of evidence politicians cite for opening new areas of the U.S. coastline to drilling. Nevertheless, as most politicians and industry executives admit, the environmental risks have not been—and cannot be—eliminated completely.

Now the Obama administration is being forced to enter into this debate. First, there's the ongoing discussion about whether to open Alaska's oil-rich Arctic National Wildlife Refuge to drilling. A similar question lingers over potentially oil-rich areas off the nation's coastlines.

Because restrictions on oil drilling on the outer continental shelf were lifted last year—first by President Bush, then by Congress—President Obama arguably has more freedom and leeway than any other president in the past quarter century to shape the country's oil drilling policy. And yet, as developments in the decades since the Valdez spill illustrate, there are difficult realities—economic, environmental, and security related—that still have to be weighed.

On one hand, significant, real-life safety reforms have been adopted since the accident. In 1990, Congress passed the Oil Pollution Act, requiring oil tankers in the region to have double rather than single hulls (making them more resistant to penetration and reducing the volume of potential spills by up to 60 percent). The last single-hull boat is expected to go out of service by 2012, says Stan Jones of the Prince William Sound Regional Citizens' Advisory Council. Meanwhile, a pair of escort tugboats now helps all tankers navigate through treacherous waters, and tankers have been outfitted with GPS technology to enable the Coast Guard to track them.

Anecdotally, these changes appear to have prevented accidents: Since the early 1990s, there have been at least half a dozen incidents in which tankers experienced propulsion troubles or strayed from their lanes in Prince William Sound and needed tugboat assistance to be taken back to safety. In one case, in 1995, a tanker came within half a ship length of grounding. Such cases illustrate both the progress and unavoidable peril of transporting oil in cold water.

A similar question of risk comes up with oil exploration itself. As far back as 2000, an Energy Department report found that "new technology is delivering...more efficient recovery of oil and gas resources, smaller footprints, and cleaner, safer operations." Much of the improvement involves new rigs and drilling techniques, in particular horizontal or directional drilling that allows companies to extract more oil with fewer wells.

But such technologies have their limits. In 2006, a report for members of Congress who were looking at drilling along the coastal plain of the Arctic National Wildlife Refuge noted that, despite technological advances, "it is unlikely that full development of the Coastal Plain could be accomplished from a single compact site." Rather, it said, "development could require a dispersed network of drill pads, roads, pipelines, gravel mines, and other structures," with impacts potentially lasting decades.

And then there is the matter of actual spills. Behind the chants of "drill, baby, drill," this became something of an issue in last year's presidential campaign, when Sen. John McCain, calling for more drilling, argued that Hurricanes Rita and Katrina caused "no significant spillage." The truth, it turns out, is not so clear cut. According to the Interior Department, the two hurricanes together caused 165 spills, although there were no shoreline or wildlife effects.

In the case of the Exxon Valdez spill, the impacts were significant not just at the time but in some places are still being felt. Though several species of affected wildlife have fully recovered, others—including sea otters and clams—have not. Meanwhile, more than 15,000 gallons of oil are still believed to be trapped in one of the coastal areas where the spill occurred.

Testifying before Congress recently, Interior Secretary Ken Salazar said that "the administration is not opposed to production in the offshore" but wants to include oil drilling as part of a well-deliberated, long-term energy plan. Just last week, in fact, Salazar presided over a lease sale of some 34 million acres in the Gulf of Mexico that had been off limits to exploration. That, however, has done little to assuage skeptical Republicans who worry that the administration might move to severely limit offshore production or reimpose federal restrictions.

The stage to watch: Over the next several months, Salazar and his department will be working on a five-year plan specifying what coastal areas will be auctioned off to oil companies in coming years. Among the places Salazar plans to visit for public comment: Alaska.

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### **Exxon Valdez, 20 years later**

SF Gate, March 24, 2009; <http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2009/03/24/EDLU16LLAK.DTL>

Carl Pope

Today marks the 20th anniversary of one of the worst environmental disasters in history, the Exxon Valdez oil spill.

After two decades, the memory of the spill persists for the commercial fishermen and Alaska natives whose livelihoods were destroyed by Exxon's recklessness. Sadly, the oil persists, too: A 2007 National Oceanic and Atmospheric Administration study showed that 26,600 gallons of crude oil from the spill are still lingering below the surface of Alaska's beaches.

What has the oil industry learned since the spill? Not much. Oil spills are still a regular occurrence. Just weeks ago, a tanker off the coast of Australia crashed, spilling more than 50,000 gallons of oil and shutting local fisheries.

Here in the Bay Area, memories of the 2007 Cosco Busan spill are still fresh: Oil slicked birds, blackened beaches, and a stifled crab season.

It's not just tanker accidents that pour oil into our oceans, threatening to destroy fisheries and the coastal economies that rely on them.

Since 1993, U.S. offshore drilling has sent an average of 47,800 barrels of oil a year into the sea, according to data from the Minerals Management Service. Offshore drilling platforms are particularly vulnerable to storms: The Coast Guard estimates that roughly 9 million gallons of oil were spilled during Hurricanes Katrina and Rita alone.

Contrary to what the oil industry would like us to believe, there is no effective method for cleaning up an oil spill. And where there are tankers and offshore drilling, there always will be spills.

Instead of opening the door to more Exxon-style disasters with expanded offshore drilling, we should be embracing the clean energy solutions that will keep our beaches and marine life safe.

More offshore drilling will do nothing to lower gas prices or create energy independence. It will only add to the billions of dollars that oil industry executives have raked in year after year.

Fortunately, the Obama administration understands that Americans want clean energy and the jobs that come with it, not more bloated oil industry profits.

Interior Secretary Ken Salazar announced that his agency will be working to develop more of our nation's clean energy resources. Salazar is also allowing expanded public scrutiny for the offshore drilling plan that President George W. Bush pushed through in his waning days in office.

On April 16, Salazar will hold a public hearing on offshore drilling here in San Francisco.

Bay Area residents who care about California's coasts should let Salazar know that we support the administration's commitment to renewable energy, and that we want to leave the drill-everywhere days of the Bush administration behind us.

Carl Pope is the executive director of Sierra Club, the nation's oldest and largest grassroots environmental organization.

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### **Democratic House chairs ask Obama for 'precautionary' approach on Arctic**

E&E Daily, March 24, 2009; <http://www.eenews.net/EEDaily/2009/03/24/5>

Ben Geman

Nearly 70 House Democrats -- including several committee chairmen -- want President Obama to implement "science-based precautionary management" for Arctic regions the lawmakers say are threatened by oil and gas development and climate change.

In a letter slated for delivery today -- the 20th anniversary of the Exxon Valdez disaster -- the 67 lawmakers say they are concerned with regions including the Beaufort and Chukchi seas and the Teshekpuk Lake region of the National Petroleum Reserve-Alaska.

"The threats of global warming to the Arctic's fragile ecosystems are compounded by the growing threat of industrialization. The reduction in sea ice cover in the Arctic opens the region to an expansion of industrial activities, such as commercial shipping, oil and gas activities, and commercial fishing," states the letter, calling oil and gas expansion the most "immediate threat."

Signees include Energy and Commerce Chairman Henry Waxman (D-Calif.) and Natural Resources Chairman Nick Rahall (D-W.Va.), and the letter was spearheaded by Reps. Jay Inslee (D-Wash.), Ed Markey (D-Mass.) and Betty McCollum (D-Minn.).

Environmentalists and their allies have concerns including development and further leasing in the Beaufort and Chukchi seas, and also want the Teshekpuk Lake special area permanently withdrawn from leasing through legislation.

The Interior Department, under President Bush, last year deferred leasing on several hundred thousand acres around the lake area for at least a decade but did not preclude latter development (E&ENews PM, May 16, 2008).

The letter also contains other recommendations, such as a new interagency task force to create a comprehensive Arctic energy and conservation plan, a new scientific assessment of Arctic ecosystems, and generally a suspension of industrial activity expansion, including offshore oil and gas leasing.

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### **Obama promotes budget as medicine for oil addiction**

E&E News, March 23, 2009; <http://www.eenews.net/eenewspm/2009/03/23/1>

Alex Kaplun

President Obama touted his budget proposal as a tool to help reduce U.S. dependence on foreign oil and revive the economy, as the administration launched a sales blitz for its \$3.6 trillion spending blueprint.

"We can remain the world's leading importer of foreign oil, or we can become the world's leading exporter of renewable energy," Obama said. "We can allow climate change to wreak unnatural havoc, or we can create jobs preventing its worst effects. We can hand over the jobs of the 21st century to our competitors, or we can create those jobs right here in America."



"We know the right choice. We have known the right choice for a generation. The time has come to make that choice, to act on what we know."

Obama spoke after a meeting between administration officials and energy entrepreneurs and experts in Washington. He pointed to the work of renewable energy-based business as a key to U.S. economic recovery.

"Innovators like you are creating the jobs that will foster our recovery and creating the technologies that will power our long-term prosperity," Obama said. "At this moment of necessity, we need you. We need some inventiveness. Your country needs you to create new jobs and lead new industries. Your country needs you to mount a historic effort to end once and for all our dependence on foreign oil."

From there, Obama pivoted to both his budget and the already-passed economic stimulus package as sparks for innovation.

"Through this plan, we have achieved more in two months in support of a new, clean energy economy than we've achieved in perhaps 30 years," Obama said of the stimulus. "And the budget I've proposed builds on this foundation. The budget is a comprehensive strategy to grow this economy. We will attack the problems that have held us back for too long: the high cost of health care, the budget deficit, our broken education system and our energy dependence."

All told, Obama said, the stimulus will invest \$59 billion for green energy development, with another \$150 billion over the next decade being proposed in the budget document. Obama also pointed to a budget proposal to make permanent the Research and Experimentation Tax Credit to stimulate investment and research in renewable energy.

"Over the years, we've allowed this credit to lapse or we've extended it year to year -- even just a few months at a time," he said. "Under my budget, this tax credit will no longer fall prey to the whims of politics and partisanship."

Congressional committees are slated to hold hearings on parts of the budget proposal this week as well as potentially mark up a budget resolution. But the plan has already been bombarded by Republicans, who say the budget spends heavily while doing little to stimulate the economy.

So the Obama administration and its allies plan to spend several days urging lawmakers and the public to back the document. Obama is slated to hold a prime-time news conference tomorrow and will also meet with Senate Democrats later this week.

#### Reactions

Beyond the budget, Obama also said that he intends to pursue separate legislation to end the country's "addiction to foreign oil and prevent the worst consequences of climate change."

Republicans, meanwhile, quickly fired back against Obama's pitch, with House Minority Leader John Boehner (R-Ohio) saying that the budget would only increase energy costs to consumers while doing nothing to help the economy.

"It's disturbing that the President is calling for a national energy tax that will destroy jobs and wreck family budgets, and even more disturbing that White House officials have identified this national energy tax as a non-negotiable presidential priority," Boehner said in a statement.

"The President's budget will harm our economy and destroy jobs by spending too much, taxing too much, and borrowing too much."

Meanwhile, environmental groups and renewable energy advocates quickly moved to back Obama's proposals, saying they showed a serious commitment to overhauling the country's energy portfolio.

"There is no question that clean energy has the potential to create jobs, improve our national security, and protect the planet from global warming. The question has always been: Do we have the will to do it?" said League of Conservation Voters legislative director Tiernan Sittenfeld. "Today, President Obama answered that question with a resounding 'yes.'"

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## **Oil industry narrows focus on deep water**

Houston Chronicle, March 23, 2009; <http://www.chron.com/disp/story.mpl/business/energy/6334046.html>

Alan Sayre

NEW ORLEANS — Leaders of several energy-related companies avoided talk about a rebound in oil prices today and suggested it could be a long, slow recovery even as the search in deep waters goes on.

Companies in all aspects of energy production likely will be dealing with tighter budgets well into 2010 as supplies of oil and natural gas exceed demand.

“We think recovery is going to be modest over a long period of time,” ConocoPhillips CEO James Mulva said during a presentation to investment analysts at the Howard Weil Energy Conference.

The number of fringe projects are in decline as producers and service companies focus their attention and money on deepwater drilling, which requires hundreds of millions of dollars to develop — and are based upon long-term projections of where supply and demand are going.

“Deepwater is going to be where it is,” said Pete Miller, CEO of Houston-based National Oilwell Varco, which builds and maintains drilling rigs.

At last week’s sale of federal offshore leases off the coasts of Louisiana, Mississippi and Alabama, the heart of the Gulf of Mexico’s deepwater industry, high bids dropped 80 percent to \$703 million from 2008’s record sale of \$3.67 billion.

The significance of that is being debated. Some analysts said low energy prices were the cause, but others said that with a large backlog of deepwater leases, explorers cut back new lease buys.

In a report issued last week, analysts at Morgan Stanley said low oil prices and the lockdown in world credit markets have cut deep into offshore activity.

“In August, we estimated oil companies would need 139 deepwater production platforms in years ahead to realize their field development plans,” Morgan Stanley said. “However, since then, no contracts for new platforms have been awarded, 11 have been canceled and 46 have been delayed, on average by 15 months.”

Because of the delays and cancellations, additional potential production in 2011 has been cut by 2.4 million barrels of oil daily, Morgan Stanley said.

Still, Marathon Oil Corp. CEO Clarence Cazalot said the company’s upstream business, such as exploration and production and oil sands mining, are projected to deliver a combined production growth of 4 percent compound average annual growth rate through 2011.

“As we move forward, we believe our best prospects for new production are in the Gulf of Mexico and Indonesia,” he said.

The current slowdown could hamper the industry’s ability to bounce back when the economy does.

Many rigs are taken out of commission and not returned to service when the industry slumps.

North American rig totals fell for a ninth straight week, Houston-based Baker Hughes Inc. reported Friday. The total number of active rigs, 1085, is lower than at any point since January 2004.

“A lot of the rigs that have stopped running today won’t be back,” Miller said.

But Miller said despite the current downturn, demand is still strong for new rigs that employ the latest technologies. “Over the next decade you’re going to see a new generation of high technology rigs, some of which can drill in 12,000 to 15,000 feet of water,” he said.

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**Impact of Exxon Valdez still felt after 20 years**

Greenwire, March 23, 2009; <http://www.eenews.net/Greenwire/2009/03/23/1/>

Allison Winter, Patrick Reis and Ben Geman

Two decades after the Exxon Valdez disaster, the oil spill haunts the Prince William Sound ecosystem, Alaskan fishing communities and the nation's energy policy.

Shortly after midnight on March 24, 1989, the single-hulled tanker ran aground on Bligh Reef, spilling 11 million gallons of crude that soiled 1,300 miles of coastline, devastating wildlife and fisheries.

But despite years of cleanup, recovery and litigation that reached the Supreme Court -- which just last year slashed a lower court's award of punitive damages from the accident -- the spill's full impact remains unclear.

The Valdez disaster prompted new oil-safety rules, and the petroleum industry -- which wants to widen areas where energy development can occur -- says technological advances make oil production, transport and cleanup far less risky than in decades past.

Nonetheless, experts say the possibility of more disasters remains.

"When we look at the amount of oil transported around the world, the number of refineries and other things, it is not without the realm of possibility that we could be looking at another spill of magnitude of the Exxon Valdez," said David Westerholm, who directs NOAA's office of response and restoration.

In Alaska, The extent to which Prince William Sound has recovered is a \$92 million question.

Following the spill, oil settled in tidal pools, where much of it was buried under the sand. The Alaskan and federal governments argue that an estimated 21,000 gallons of embedded oil continue to introduce toxins, hurting fisheries and depressing wildlife populations.

A provision in a 1991 settlement between Exxon and the state and federal governments allows the governments to reopen the case to seek compensation for unanticipated future damages. They are asking Exxon for \$92 million to fund new restoration projects. Exxon has refused to pay the additional money, and the dispute will likely end up in court.

Exxon argues that the more than \$1 billion it has already paid the governments, plus the \$500 million in punitive damages being paid to spill victims in a class-action lawsuit, is adequate compensation.

While acknowledging that the area is not the same as it once was, Exxon argues that it is impossible to determine what changes were caused by the spill and what are part of natural ecological variations or outside pollutants for which it is not responsible.

What is important, the company says, is that the sound currently hosts bountiful populations of fish, seabirds and marine mammals, and therefore should be considered recovered.

"What science has learned in Alaska and elsewhere is that while oil spills can have acute short-term effects, the environment has remarkable powers of recovery," Exxon said in a statement. "The claim made by several environmental groups of continuing 'severe' ecological damage to the Sound is simply untrue. It is ExxonMobil's position -- and that of many independent scientists -- that there are now no species in [Prince William Sound] in trouble due to the impact of the 1989 oil spill."

#### Uneven recovery

Assessing recovery is difficult, because the ecological records of Prince William Sound before the spill are incomplete.

Both the government and Exxon agree that many areas have recovered entirely. Seabird and seal numbers have rebounded, and the area's profitable salmon fishery has experienced six all-time record years since the spill.

But recovery is uneven, said Stanley Rice, a NOAA ecologist whose study of the region precedes the spill.

Wildlife still have not fully recovered on the hardest-hit beaches, Rice said. Otters digging for food around those tide pools often encounter oil or toxic shellfish, preventing them from reclaiming some of their premium feeding habitats.

Some fish stocks are languishing, as well. The herring fishery, once worth \$12 million annually, hit record highs in 1992 but mysteriously collapsed in 1993. Since then, it has been closed for all but three seasons in the 1990s.

Steve Moffitt, a fisheries research biologist for the Alaska Department of Fish and Game and a Prince William Sound specialist, said toxins left from the spill might have stressed fish and weakened their immune systems. This makes the populations vulnerable to disease and other factors that could diminish fish stocks, he said.

Ted Meyers, the chief fish pathologist for Alaska, said no scientific link between the herring collapse and the oil spill could be proved, but the wide-ranging effects of the spill were difficult to fully understand.

"I don't think anybody would deny that the spill probably changed the ecosystem changed to some degree," Meyers said. "Whether that change caused the herring collapse is an open question."

Two pods of Prince William Sound orcas lost 40 percent of their populations in the immediate aftermath of the disaster. The pods -- one of which resides in the sound full time and eats fish and another migratory population that feeds on large marine mammals -- are separate and don't interact or interbreed, Rice said.

Neither has fully rebounded since the spill.

The fish-eaters are slowly breeding, but it will be decades before their population grows to its pre-spill levels, Rice said. The transient pod has not successfully brought a calf to adulthood since the spill and is down to its final six or seven members -- none of which is a breeding female, Rice said. Within 20 years, the pod will have vanished.

The demise of the orca pod and persistent subsurface oil are effects no one foresaw in 1989, Rice said.

"[Prince William Sound] is not like a beach next to an oil well. There's a lot of life," Rice said. "In general, for the majority of species, life has returned to pretty much normal, but there are some where life is not quite the same."

#### 1990 pollution law

While the Valdez captain and crew were found at fault for the immediate cause of the spill, the incident also highlighted huge gaps in regulatory oversight of the oil industry.

Congress' response: the 1990 Oil Pollution Act.

The law overhauled shipping regulations, imposed new liability on the industry, required detailed response plans and added extra safeguards for shipping in Prince William Sound. Under the law, a company cannot ship oil in the United States until it proves that it has plans to safeguard against spills and can respond in case of a disaster.

Lawmakers, marine experts, the oil industry and environmentalists credit the law for major improvements in U.S. oil and shipping industries.

"In Alaska and the Prince William Sound, we got the message. Now the tankers here are perhaps the safest in the world," said Rick Steiner, a professor of marine biology at the University of Alaska who has studied the Valdez spill and response. "We really got the message loud and clear."

Since the law's regulations took effect, average annual spill totals have dropped dramatically, according to the Coast Guard.

From 1973 to 1990, there was an average of 11.8 million gallons of oil spilled every year in U.S. waters. But after the new regulations were enacted, oil spills dropped to approximately 1.5 million gallons per year on average.

Aside from discharges related to Hurricane Katrina in 2005, there have been no spills greater than 1 million gallons since enactment of the law, the Coast Guard said.

One of the law's most significant new requirements was for all tankers in U.S. waters to have double hulls by 2015. A major factor contributing to the vulnerability of the Valdez was its single hull.

Most tankers at sea today have double hulls. Exxon's shipping subsidiary still operates one single-hulled tanker in Prince William Sound. It is scheduled to retire at the end of this year.

Experts credit the double-hull requirement with avoiding other disasters. For instance, no oil spilled this month when a 900-foot double-hulled tanker carrying nearly 40 million gallons of crude oil crashed into submerged debris near Galveston, Texas.

"If she had been a single-hulled tanker, I assure you I would not be here today," Greg Pollock, deputy commissioner for the Texas General Land Office, told a Capitol Hill conference. "We would have had a spill four times the size of the Valdez."

#### Calls for more regulation

But despite the improvements since the oil pollution law, some experts say more stringent regulations are needed.

The University of Alaska's Steiner wants other ports and ships to catch up to Prince William Sound's level of protection. Since the Valdez spill, shipping companies and the Port of Valdez have instituted extra safeguards, such as escort tugboats and double engines and rudders on ships.

"We fixed the problem here in Alaska, but the rest of U.S. ports and waterways are still, I think, at risk," Steiner said. "Now we need to get Congress to raise the bar on all the other new builds."

The Washington state Legislature approved a measure this month that will require that a rescue tugboat be stationed year-round near a port in Puget Sound. A tugboat positioned there on an interim basis in winter has made 42 rescues or assists in the past nine years, said Bruce Wishart of People for Puget Sound.

The double-hull requirements apply to tankers and barges, but some federal officials say more stringent regulations may be needed for other vessels as global commerce sends ever-larger shipping containers to sea.

Container ships can have enough oil on board just to power the ship that it could cause a disastrous spill. Many new shipping containers have enough oil to cause what the Coast Guard classifies as a "major" spill, more than 100,000 gallons. The Coast Guard is eyeing proposals that would require double hulls for those vessels, at least around their fuel tanks.

"Some of these are so large that they have great quantities of fuel. That would be a disaster if it spilled," said Sally Brice-O'Hara, the deputy commandant for operations for the Coast Guard. "That is the next piece of legislation we need to work on."

Analysts also note that numerous smaller oil spills come from other sources: manufacturing, refining and storage facilities, abandoned vessels or vehicle use.

Dagmar Etkin, who has conducted numerous oil spill analyses for the federal government as president of Environmental Research Consulting, said her studies have shown an increasing number of spills from inland facilities and sources other than tankers and ships.

"It's places that use oil in some way but are not what we typically think of as big oil," Etkin said. "There's a lot at stake for [the shipping industry] because it's really expensive to make a mistake, so they have really have improved. We've done really well there, but there are some other areas that we need to focus on."

For instance, the top concern for New Jersey -- which with New York oversees the largest port complex on the East Coast -- is not oil spills from tankers but pollution from abandoned ships, a top official with the state's environment department said.

"Large spills like the Exxon Valdez ... are critical, but some of the challenges in states now are smaller spills from abandoned vessels," said Robert Van Dossen, assistant director of the New Jersey Department of Environmental Protection.

#### Continuing risk

Despite all of the advances in oil shipping and safety, many experts say another spill the size of the Valdez -- or worse -- could still occur.

Westerholm, the head of NOAA's response and restoration office, said that if a few circumstances had gone differently with the recent ship strike in Galveston, it could have been "catastrophic." And with more and more ships at sea, he said, there are more chances for disaster.

The number of oil spills reported to NOAA for response has been on the rise over the past decade. In fiscal 2008, NOAA was asked to respond to 134 oil spills.

While the Valdez spill was devastating, there have been at least 34 other spills worldwide that were bigger. An oil tanker that exploded off the coast of Italy in 1991 spilled four times as much oil as the Valdez, and another explosion off Angola spilled as many as 81 million gallons.

"I think people need to remember that in the U.S. we have never truly seen a worst-case discharge," said Etkin.

Valdez still a factor on Hill

In Congress, the spill continues to reverberate. Environmentalists have cited the disaster repeatedly as they pressure lawmakers not to open new areas to offshore oil-and-gas drilling.

In particular, environmental activists are citing the Valdez spill in pressing the Obama administration not to sell oil leases in Alaska's Bristol Bay region. President George W. Bush in 2007 lifted bans on leasing there that had been part of a broader set of restrictions imposed by his father in the wake of the Valdez spill, an area where lawmakers had several years earlier removed congressional bans.

But Frank Murkowski, a former Republican senator and governor of Alaska, in a recent interview emphasized the prevention and response protections he and others worked to put in place for tanker traffic following the disaster, arguing that such events are now significantly less likely. And, he said, the separate process of exploring for and producing oil is also now more advanced.

"I think one can be critical of the environmental community for not recognizing the advanced technology, which makes exploration safer than it once was," Murkowski said when asked about environmentalists citing the spill as an argument against new U.S. outer continental shelf leasing.

Former Sen. J. Bennett Johnston (D-La.), a former chairman of the Senate Energy and Natural Resources Committee who was in office at the time of the spill, recalls the disaster affecting another major drilling fight: the battle over the Arctic National Wildlife Refuge.

In an interview, Johnston said there was momentum in Congress to allow leasing in ANWR then, but the effort was stopped dead by the Valdez spill.

"ANWR was ready to be passed. The votes were there and this came along and changed that completely," Johnston recalled. "I think the votes were lined up and then the votes disappeared." The current Congress is not going to allow ANWR drilling, and President Obama also opposes it.

But it remains to be seen whether the 20th anniversary year of the spill will color policymaking in other ways, especially on offshore leasing.

When Bush removed long-standing White House coastal leasing bans last year covering the Atlantic and Pacific coasts, Congress, under pressure because of skyrocketing energy prices, subsequently allowed overlapping congressional leasing bans to lapse.

The Obama administration has yet to lay out its offshore drilling policy. Interior Secretary Ken Salazar pulled back a Bush-era proposal to massively widen offshore leasing but has not said where new leasing could be allowed following the expiration of the bans.

High energy prices last year were a major impetus behind the removal of protections. But the Valdez spill shows that future accidents could swing the pendulum back.

"It educated people that there are real costs to our oil addiction beyond just the financial costs," said Dan Becker, a longtime environmental activist who now directs the Safe Climate Campaign. "The oiled otters and ducks that workers held up in front of the camera made it visceral to people."

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## Lessons of the Exxon Valdez

NYT, March 23, 2009; [http://www.nytimes.com/2009/03/23/opinion/23mon1.html?\\_r=1&ref=opinion](http://www.nytimes.com/2009/03/23/opinion/23mon1.html?_r=1&ref=opinion)

Tuesday marks the 20th anniversary of one of this country's great ecological disasters. The Exxon Valdez slammed into Bligh Reef in Alaska's Prince William Sound, spilling 11 million gallons of crude oil, damaging 1,300 miles of shoreline, disrupting the livelihoods of thousands of Americans and fouling one of the country's richest fishing grounds.

More than \$2 billion has been spent on cleanup and recovery. Exxon has paid at least \$1 billion in damages. Supertankers have been made safer with double hulls, emergency teams given better equipment. Some fish species, though not all, have recovered.

Yet the Exxon Valdez still sends a powerful cautionary message: oil development, however necessary, is an inherently risky, dirty business — especially so in the forbidding waters of the Arctic.

The White House should keep that in mind as it maps out its energy strategy. While rightly emphasizing conservation, efficiency and renewable energy, President Obama has said that oil and gas drilling in America's coastal waters will be part of the mix. The challenge is to do it right, and do it carefully.

Mr. Obama's interior secretary, Ken Salazar, has said he won't be rushed into offshore drilling — a refreshing contrast to the "drill baby drill" mania of the 2008 G.O.P. campaign. He has already pulled back a Bush administration plan opening up huge swaths of the Atlantic and Pacific coasts to drilling. He promises a more measured proposal by the end of the year.

Mr. Salazar must also make decisions about the waters of Alaska and the Gulf of Mexico, which hold the bulk of America's untapped reserves and have always been open to drilling. Drilling in the gulf has caused relatively few environmental problems and is widely accepted. Drilling in Alaskan waters is another issue altogether. The unforgiving Arctic environment is far riskier; icy, turbulent waters would make oil spills hard to contain. And the ecological damage could be staggering; Alaska's waters contain some of the richest fisheries and most varied wildlife on earth.

One fairly easy call for Mr. Salazar would be to restore protections for Alaska's Bristol Bay. President George H. W. Bush declared the bay off-limits to drilling after the Exxon Valdez disaster — a move reversed by his son George W. Bush in 2007.

Bristol Bay contributes heavily to the area's \$2.2 billion annual fish catch — about 40 percent, in dollar terms, of all the seafood caught in America's coastal waters. Oil and gas development, according to Interior's Minerals Management Service, would yield total revenues of less than \$8 billion over 20 to 40 years.

The Bush administration had even more ambitious plans for other waters in the Arctic — opening 40 million acres in the Chukchi Sea and 33 million acres in the Beaufort Sea for possible development. It sold one lease, now under court challenge, covering 2.3 million acres in 2008. Unless the Obama administration changes course, other leases within these areas are sure to be offered.

These plans, too, cry out for reconsideration. Mr. Salazar has spoken of harnessing energy from the tides and winds. Given the fragility of the environment, the country's long-term energy needs and the threat of another Exxon Valdez disaster, these avenues would seem to offer safer passage than punching holes in the Arctic.

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