



US Oil & Gas
Association



March 23, 2009

Mr. Joe Christopher
Regional Supervisor
Leasing and Environment
Mail Stop 5410
Minerals Management Service
Gulf of Mexico OCS Region
1201 Elmwood Park Boulevard
New Orleans, LA 70123

VIA E-MAIL: GGEIS@mms.gov

RE: Notice of Intent (NOI) To Prepare a Programmatic Environmental Impact Statement (PEIS) and Call for Interest for Future Industry Geological & Geophysical (G&G) Activity on the Atlantic OCS (Volume 74 Federal Register No. 12, page 3636)

Dear Mr. Christopher:

As representatives of the nation's natural gas and oil industry, the National Ocean Industries Association, the American Petroleum Institute, the Independent Petroleum Association of America, the American Exploration and Production Council, the International Association of Drilling Contractors, the Natural Gas Supply Association, the Petroleum Equipment Suppliers Association, and the US Oil & Gas Association appreciate the opportunity to respond to your request for comments on the NOI to prepare a PEIS and call for interest regarding future G&G activity on the Atlantic OCS. Our eight national trade associations represent thousands of companies, both majors and independents, engaged in all sectors of the U.S. energy industry, including exploration, production, refining, distribution, marketing, equipment manufacture and supply, and other diverse offshore support services. Either directly or indirectly, we are all working to explore for and produce energy resources from the nation's Outer Continental Shelf (OCS) in an environmentally sensitive manner. The notice is, therefore, of particular importance to us.

Our industry is committed to securing reliable access to the nation's valuable offshore energy resources in order that they may be developed, produced and supplied in an environmentally responsible manner. We feel this goal can be achieved in current areas of production, as well as in potential new areas including the Atlantic OCS. For this

reason, we are pleased that the agency is attempting to improve its knowledge and understanding of the Atlantic OCS, beginning with this notice and call for interest.

Summary of Position

The need to safely harness domestic energy sources, including those on the OCS, is amplified by recent trends which show still-increasing American dependence on foreign sources of energy amidst a global economic downturn which has driven down energy prices from their record highs of last year. But when global economic conditions improve in the future, demand for energy will increase and we must begin preparing for this reality today.

Thus, just as it is necessary to design a 5-Year Plan with maximum flexibility, placing as much acreage as possible within the plan in order to respond to our nation's energy needs, it is equally necessary to design a PEIS for the Atlantic OCS that also allows for maximum flexibility in meeting future energy demand.

As such, we support a vigorous PEIS along the Atlantic OCS that considers the advanced technology, safety systems, and procedures utilized by the offshore industry to ensure that G&G activities are conducted in an environmentally responsible manner; considers the exemplary safety record of the offshore industry; does not focus on possible future activities that will be subject to separate review and analysis; and ensures that marine species native to the Atlantic OCS are protected.

In the interim, we strongly encourage MMS to review and approve small scale permit requests whose NEPA environmental assessment determines there is no potential for significant impacts.

Scope of the PEIS

We feel strongly that the PEIS should be robust and cover significant areas within the Atlantic OCS. To artificially omit large, sweeping areas from analysis and consideration would be to prejudge the process and disallow decisions from being made with necessary information.

Areas of the OCS that have historically been off-limits to exploration can and should play a substantial role in closing the U.S. energy supply gap as well as securing our economic future. A thorough PEIS allows for substantial flexibility in meeting these challenges and recognizes the importance of potential future lease sales along the Atlantic region. To substantially limit the scope of the PEIS at this stage is to arbitrarily remove potentially prospective areas from further evaluation and consideration at a time when our nation is struggling to meet our energy supply challenges.

A robust PEIS for the Atlantic region would also bring 21st century science and technology into play in the resource assessment of the east coast. Assessments conducted over a generation ago using outdated methods and techniques do not serve industry or the public well in making future decisions. A robust Atlantic PEIS would allow for

significant upgrading of this outdated information, rather than a limited PEIS that only holds potential for a patchwork of old and new data and may lead to uncertainty and unwillingness to move forward with seismic activities.

Significant Issues That Should Be Addressed and Considered

The PEIS should consider the significant value of G&G activities such as seismic surveys in producing energy from the OCS and meeting our national energy demands. Currently, the OCS produces roughly 27% of domestic oil production and 14% of domestic natural gas production; and seismic surveys represent the only feasible technology available to accurately search for new offshore hydrocarbon reserves.

Although the Atlantic Region has been open for seismic exploration for many years, due to the OCS moratorium, there was limited interest by the industry in spending money to collect data that had no economic value. However, once the moratorium was lifted, the MMS received numerous inquiries concerning the availability of seismic permits by seismic companies. It is clear that if the leasing process is allowed to proceed forward, the industry will quickly respond in a manner that allows the MMS to collect any data that it needs. Therefore, this PEIS is important to the future development of these resources.

In general, risk and uncertainty in estimates of undiscovered oil and gas resources are greatest for frontier areas that have had little or no past exploratory effort. In frontier areas, such as the Atlantic OCS, recent drilling and seismic data are scarce so estimates of potential resources are appropriately discounted for the higher risk and uncertainty associated with the geologic model.¹ New geological and geophysical data information could reduce this uncertainty in modeling and perhaps result in a higher resource estimate.

We recommend that MMS develop a comprehensive G&G environmental impact statement so that in the event that new areas are added to the next 5-Year Plan, MMS may tier off the existing environmental analysis for individual lease sales that will be held. If this is done, MMS would have already conducted extensive environmental analysis for the draft environmental impact statement and other areas can be included in future lease sales.

While ensuring that marine species are protected, the PEIS should take into account the advanced technology, safety systems, and procedures utilized by the offshore industry to ensure that G&G activities are conducted in an environmentally responsible manner. In conducting seismic surveys, airgun arrays create impulsive sounds of ultra-short duration. These sounds have very low frequency. In fact, more than 90% of acoustic energy created by today's airguns is below 300 Hz.

¹ There have been 46 exploratory wells drilled by industry and over 200,000 miles of seismic 2-D run in the 405,000 square miles of the Atlantic OCS. However, no new data has been generated in 25 years.

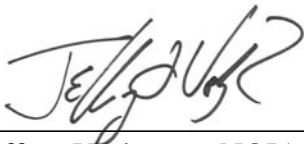
We also urge that the PEIS focus on the impacts, or lack thereof, of only the potential G&G activities, and not consider any impacts from possible future activities, since they would require additional review under the National Environmental Policy Act, and thus would receive their own full biological analysis.

To the extent that any future activities may be taken into account, however, the PEIS should also consider the exemplary safety record of the offshore industry. Because of technological advancements in recent decades, while 1.4 million barrels of oil is produced from the OCS every day, since 1985 less than .001 percent of produced oil has spilled into the ocean from drilling and extraction. Additionally, according the National Academy of Sciences, less than 1% of oil in North American waters comes from offshore drilling and extraction activities.

Finally, we urge that all cooperating agencies ensure that adequate funding is made available to the appropriate offices so they may fully comply with all time schedules, critical action dates, milestones, responsibilities, scope and detail of contributions, and handling of predecisional information.

We appreciate the opportunity to provide comments on the PEIS for the Atlantic OCS. If you have any questions or need additional information, please feel free to contact Lisa Flavin with API at 202-682-8453.

Sincerely,



Jeffrey Vorberger, NOIA



Doug Morris, API



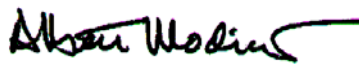
Dan Naatz, IPAA



Jenny Fordham, NGSA



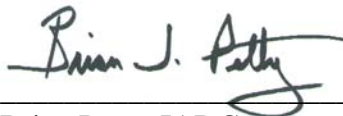
Bob Moran, PESA



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