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Anchorage Daily News, April 11, 2009; http://www.adn.com/opinion/comment/story/756077.html

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Fairbanks Daily News-Miner, April 10, 2009; http://newsminer.com/news/2009/apr/10/offshore-work-essential-pipelines-future/?opinion

DOI's OCS public comment process limited, House Republicans charge
Oil and Gas Journal, April 9, 2009; http://www.ogj.com/display_article/358908/7/ONART/none/GenIn/1/DOI's-OCS-public-comment-process-limited,-House-Republicans-charge/

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2 The Advocate, April 9, 2009; http://www.2theadvocate.com/news/42720502.html

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Salazar stresses balance in offshore development
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Salazar defends proposed industry tax hikes
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Oil Giants Loath to Follow Obama's Green Lead
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Salazar Gets Earful on Drilling
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Meeting in Atlantic City today to address offshore oil, wind potential
Press of Atlantic City, April 6, 2009; http://www.pressofatlanticcity.com/180/story/450230.html

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Drilling profits can save environment
Anchorage Daily News, April 11, 2009; http://www.adn.com/opinion/comment/story/756077.html

John Havelock

Some environmental objection to offshore drilling and gas pipeline development seems to be based on the premise that slowing resource development in America will speed up transformation to the "Beyond Petroleum" world. On the contrary, blocking the development of domestic resources only increases the dependence of the United States on imports, costing the American economy hundreds of billions each year. This cost is not a macroeconomic abstraction. The effect is to reduce the wealth of each American.

Environmental legislation is intended to create a forum for decision in which the many negative aspects of resource development can be compared with the value of the wealth created. Mitigation of potential environmental losses is a key part of the process.

In some cases the cost of mitigation makes the resource development unfeasible. In the case of oil and gas, the amount of wealth being generated is often so great that enormous sums, small in relation to the wealth generated, are available to finance mitigation so that oil and gas development can be made remarkably safe.

Though cost-benefit calculations are not the exclusive measure to balance environmental safety against wealth creation, they do have a role, as the Supreme Court said earlier this week. In Entergy Corp. v. Riverkeeper, (No. 07-588) the court protected mature power plants from an environmental challenge by finding that the cost of changing water intake was too great measured against the value in saving various marine organisms.

The greatest mistake of the Alaskan past, from which we may hope to have learned something, was to take the proposals of the developer at face value. In the development of TAPS, the recent BP field spillage or the wreck of the Exxon Valdez, the developer in each instance made early representations of safety measures that were not fulfilled. Out of the wreck of the Exxon-Valdez, the safety measure of great value has been the concept that large developments require a well-funded committee of local stakeholders to keep continuing watch on the activity.

The New York Times recently editorialized that offshore drilling in the Beaufort and Chukchi Seas should be banned because it is unsafe, unlike the offshore drilling in the Gulf of Mexico which, the Times said, was safe. If the Times thinks that drilling in hurricane waters is safe, there should be no problem that technology cannot meet in making offshore drilling in ice fields safe. The environmental risks are in fact comparable. Since the spilling of oil is the environmental issue, the ability to choke off oil outlets on the sea bottom is the technology that solves the problem.

Others have raised the risk to polar bears by drilling. Overlapping groups are driving to place the polar bear on the endangered species list. Possibly the connecting theory is that oil dependence is shrinking the icepack. A drilling rig sticking out of the sea is not going to kill polar bears. Icepack shrinkage may be a real threat (or not). But in any case, it is not offshore drilling that threatens the polar bear, it is the dependence of the world on petroleum.

In the early 1970s, environmental process objections as well as Alaska Native land claims promised to delay the construction of the TAPS line for years. The land claims being resolved, the Congress exempted TAPS from the Environmental Protection Act. The fact was that under even a cursory cost benefit analysis, the TAPS line was so productive and the need sufficiently urgent, that environmental issues could be worked out on the ground as the pipeline was constructed. As it was, process delays more than doubled the cost of construction.

There is no real reason why it should take 10 years to build a gas line or to drill the Beaufort. The Chinese would build it in two. The Russians will drill anyway. We should set the safety example. A system intended to help us make wise choices should not be used to blockade obvious decisions.

'Zoning' rules urged to protect offshore resources
Greenwire, April 10, 2009; http://www.eenews.net/Greenwire/2009/04/10/4/

Allison Winter

Congress should create an ocean zoning system to protect marine resources from expanded offshore energy development, according to Duke University researchers.

Their paper, published today in Science, says federal policymakers must extend public-trust doctrine used for settling legal disputes on land to the sea. The doctrine could provide an effective and ethical answer to questions about how to regulate offshore areas for oil and gas drilling and wave and wind development while protecting fisheries and marine habitat, the researchers write.

At issue is how to address demands for energy development on the outer continental shelf.

Some lawmakers have proposed offshore zoning, or "marine spatial planning." Several advocacy groups are working to put marine zoning language that would mandate an ecosystem-based management approach into an energy bill this year.

But the authors of the new report say U.S. ocean governance cannot easily accommodate ecosystem management. To do so, they say, Congress should employ the public trust doctrine, which obliges the government to manage natural resources in the best interest of its citizens.

"The public trust doctrine could provide a practical legal framework for restructuring the way we regulate and manage our oceans. It would support ocean-based commerce while protecting marine species and habitats," said Mary Turnipseed, a doctoral student at Duke's Nicholas School of the Environment and the study's main author.

Many analysts and the U.S. Commission on Ocean Policy have assumed the public trust doctrine already extends to federal waters. But Stephen Roady, a fellow at Duke's School of Law and a lawyer at Earthjustice, said that doctrine must be "formally articulated" by Congress, the White House or the federal courts.

President Obama could use an executive order to extend the doctrine offshore, or Congress could write it into oceans law, Roady said. Alternatively, federal courts could extend the doctrine to the oceans by using the same precedents and statutes that states have used, according to the report.

States that use the public trust doctrine on land have started to try to extend it to the ocean. The Massachusetts Ocean Partnership recently wrote legislation saying the state should manage its waters according to the doctrine. Rhode Island and New York are in the process of drafting similar comprehensive plans for managing state waters.

The Duke report says the doctrine should be extended to U.S. ocean waters to help federal agencies manage conflicting demands in 3 million nautical square miles of the Exclusive Economic Zone.

Currently, more than 20 different federal agencies, operating under dozens of laws, regulate species and activities in these waters, without any mandated, systematic effort to coordinate their actions for the public good, according to the report.

'Frontier' zoning
Once established, ocean zoning could protect vital wildlife habitat and site specific areas for energy development.

Larry Crowder, a marine biology professor at Duke's Nicholas School of the Environment, envisions using the public trust doctrine to create a "marine special management plan" that has input from all of the relevant federal agencies. Ecosystems management would be a guiding principle.

Crowder predicts that as the debate over how to regulate uses of offshore areas matures, historically influential players -- such as oil and gas producers -- could exercise undue influence. Start-up industries, such as wave and tidal energy producers, may have less power.

"People still think of the oceans as a frontier," Crowder said. "When the West was a frontier, there wasn't zoning. The guy with six bullets won."

He added, "We've done this on land with comprehensive plans. You don't put a porn shop next to an elementary school."

Offshore work is essential for pipeline's future
Fairbanks Daily News-Miner, April 10, 2009; http://newsminer.com/news/2009/apr/10/offshore-work-essential-pipelines-future/?opinion

Trans-Alaska pipeline needs more product

Kevin Hostler, Community Perspective

Alaskans will have a chance to share their ideas on the nation's energy plan when Secretary of the Interior Ken Salazar visits Anchorage on Tuesday. Secretary Salazar's trip to Alaska suggests the importance this administration places on Alaska's role in the nation's energy discussion. For Alyeska Pipeline Service Co., this visit is critical because decisions made by the secretary will influence the future of the trans-Alaska pipeline.

During the past 30 years, Alyeska has delivered more than 15 billion barrels of crude oil from the North Slope of Alaska through the Trans-Alaska Pipeline. The 800-mile pipeline is critical to meeting our country's energy needs. However, TAPS and the energy it delivers to the American people face special challenges because of lower throughput — the result of decreasing production from existing fields. Plans that might lead to extracting additional crude oil from the Outer Continental Shelf off the shore of the North Slope are important to our company and the nation.

The ongoing success of TAPS and its role in the nation's energy infrastructure is directly tied to healthy levels of Alaska crude oil production. At its peak, the pipeline was used to transport 2.1 million barrels of oil, or 24 percent of the nation's crude oil production, to the Lower 48 states each day. Today, that number is less than 740,000 barrels, or 14 percent of the nation's production. These lower throughput levels create serious challenges for the long-term operation of TAPS. Lower throughput means lower crude temperatures. Lower throughput requires large amounts of new investment to accommodate the changing flow, increases in the frequency of maintenance pigging and other activities that assure continued safe operation of the system. The changing hydraulic profile on TAPS already has triggered the replacement of our mainline pumps so lower throughputs can be transported.

As production and throughput continue to decline, pipeline challenges continue to multiply. A team of engineers is exploring these challenges and is designing possible technical solutions. The urgency of these solutions is demonstrated by the significant attention, resources and investment the owners of TAPS have committed to these issues. We will continue to invest the resources needed to ensure the integrity of the system. While these actions can help us address the immediate concerns, we still recognize that without new production coming online, there eventually will come a time when the economic and mechanical challenges become too great.

Based on historical rates of decline, we will be operating at 500,000 barrels per day by 2015, years before the first oil is transported from the Chukchi and Beaufort seas. TAPS was not designed to move oil at throughput rates less than 500,000 barrels per day for a prolonged period, just as your car was not designed to idle for long periods of time.

Secretary Salazar's decisions factor heavily in the future of the pipeline. Alyeska is at a crossroads, and we are acting swiftly and responsibly based on uncertain throughput projections. A future including offshore production requires investments that ready the pipeline for Prudhoe Bay-like volumes of oil. Without assurance that leases are moving forward, we will make decisions based on declining production and transform TAPS into a low-throughput pipeline — one that cannot handle the large volumes of oil projected in the Chukchi and Beaufort.

As we focus on ensuring that the nation continues to benefit from the investment in this critical energy infrastructure, we support responsible exploration efforts that could result in increased throughput in TAPS and, in turn, see more energy delivered to the Lower 48. Offshore areas in the Chukchi and Beaufort seas have been sparsely explored, yet are predicted to yield robust oil production. For these reasons, Alyeska enthusiastically supports including regular oil and gas lease sales in the Beaufort and Chukchi seas as part of the new five-year leasing program and moving forward as scheduled with sales in those areas. We further urge that the Minerals Management Service and other federal agencies receive the resources required to process permits and other applications from leaseholders in a timely manner. We believe these actions will allow the crude oil stored on the federal OCS to be delivered to the American people through the existing infrastructure of TAPS.

DOI's OCS public comment process limited, House Republicans charge
Oil and Gas Journal, April 9, 2009; http://www.ogj.com/display_article/358908/7/ONART/none/GenIn/1/DOI's-OCS-public-comment-process-limited,-House-Republicans-charge/

Nick Snow

WASHINGTON, DC, Apr. 9 -- Ranking minority members of two US House committees expressed concern Apr. 7 that the US Department of Interior is limiting public comments as it considers a comprehensive 5-year US Outer Continental Shelf leasing plan.

"The system currently in place fails to meet a simple standard of inclusion to promote and facilitate an open exchange of public opinion," said Doc Hastings (R-Wash.) of the Natural Resources Committee and Darrell E. Issa (R-Calif.) of the Oversight and Investigations Committee, in a letter to US Interior Secretary Ken Salazar.

Persons wishing to submit comments must either mail or hand-deliver them to DOI headquarters in Washington, or "attempt to navigate the sprawling online database known as Regulations.gov, where users must first successfully input 'docket IDs,' 'legacy numbers' and an 'RIN' before they have any chance of advancing to the main comment submission page,'" the two House members said.

They called the new policy "an unconstructive change" from the previous system. "The department's public comment process was especially user-friendly under the Bush administration, which enable Americans to easily submit their comments through a simple e-mail address. The department should immediately reinstate the user-friendly e-mail public comment system," they said.

A DOI spokesman said on Apr. 8 that the Bush administration made the decision to use the automated Regulations.gov system to receive and process comments on the draft proposed 5-year OCS program. US Minerals Management Service staff members recommended replacing an earlier system, Public Connect, with Regulations.gov because the updated version has automated functions which sort, tally and post public comments, he said in an e-mail message.

Hastings and Issa said they were also troubled to learn that DOI's webcast of its Apr. 6 OCS public meeting in New Jersey ended at noon, nearly 8 hours before the meeting's actual conclusion. "Since many Americans took their personal time to participate in this public comment session until 8:00 in the evening, we cannot understand why the department would end the webcast at the time you departed and before the majority of the public finally had their chance to stand up, speak, and be heard," they told Salazar.

The DOI spokesman said greatly higher costs for a full-day webcast during the current economic downturn led to the decision to put only the first 3 hours online live. Transcripts of the entire proceedings will be available later online at www.doi.gov/ocs and www.mms.gov, he said.

Agencies strike deal on leasing, licensing offshore projects
E&E News, April 9, 2009; http://www.eenews.net/eenewspm/2009/04/09/1

Noelle Straub

The Interior Department will issue leases for offshore wave and current energy development, and the Federal Energy Regulatory Commission then will license projects, under an agreement signed today.

Ending a longstanding conflict over which agency oversees offshore alternative energy, Interior Secretary Ken Salazar and FERC Chairman Jon Wellinghoff signed a memorandum clarifying their agencies' responsibilities for leasing, licensing and regulating all renewable energy projects on the outer continental shelf.

Under the agreement, Interior's Minerals Management Service has exclusive jurisdiction over the production, transportation or transmission of energy from offshore wind and solar projects. MMS and FERC will share responsibilities for hydrokinetic projects, such as wave, tidal and ocean current.

MMS will issue leases, easements and rights of way for offshore areas for hydrokinetic projects. The agency will conduct any necessary environmental reviews related to those actions, including those under the National Environmental Policy Act.

FERC will issue licenses and exemptions from licensing for the construction and operation of offshore hydrokinetic projects and will conduct any necessary environmental analyses for those actions. But FERC's licensing process will actively involve relevant federal land and resource agencies, including Interior, the agencies said.

An applicant must first receive a lease from MMS for a site before FERC could issue a license for a project there. FERC will not issue preliminary permits for offshore projects, the agencies said. MMS will require that construction and operation cannot begin without a license or exemption from FERC, except when FERC notifies MMS that one is not required.

Both agencies may inspect offshore hydrokinetic projects to ensure compliance with the leases or licenses.

Each agency can choose at its own discretion to become a cooperating agency in the other's preparation of an environmental analysis. The agencies also will coordinate to ensure that operations regulated by FERC comply with all applicable laws, the agencies said.

"This agreement will spur the development of clean, renewable energy -- the growth industry of the 21st century," Salazar said in a statement. "Our nation's economic future demands we lead that competition."

Wellinghoff added, "By removing all the regulatory barriers to the development of hydrokinetic energy in the outer continental shelf, this agreement will advance the development of a promising renewable resource that in the end will benefit consumers."

Interior has permitting authority under the Energy Policy Act of 2005 over the production and transmission of renewable energy sources on the outer continental shelf. FERC oversees development of hydropower resources, including wave, tidal and ocean current energy.

Interior and FERC have been at odds for years over regulation of fledgling efforts to develop energy from offshore waves and currents.

Attempts to reach a formal memorandum of understanding failed during the Bush administration as the agencies sought to reconcile FERC's licensing authority for hydropower with MMS's jurisdiction over projects on the federal outer continental shelf.

Last month, the agencies floated the possibility of today's agreement. But lawmakers, including the chairman and ranking member of the Senate Energy and Natural Resources Committee, have questioned whether the agreement would lead to a suitably streamlined process. They said that when the committee writes an energy bill, it will have to decide whether to legislate a solution to the jurisdictional dispute.

Study panel at odds on offshore drilling
Augusta Chronicle, April 9, 2009; http://chronicle.augusta.com/stories/2009/04/09/met_517816.shtml

By Sarita Chourey

COLUMBIA --- It has been six months since the first meeting of the Natural Gas Exploration Feasibility Study Committee, and members are still at odds over whether to drill for natural gas off the coast of South Carolina.

"I know I'm sounding like a broken record," said Carolyn Brown, a member of the committee and a retired fishery biologist with the National Marine Fisheries Service.

"But since day 1, I have felt uncomfortable because we haven't heard from anybody from the fisheries or somebody dealing with the environment," she said. "I don't think we should make any decisions about the final report until we hear someone from South Carolina who works with the fisheries."

The study committee, which includes lawmakers and representatives from agriculture, tourism, manufacturing and other industries, has met a half-dozen times and is expected to submit to the S.C. General Assembly a report with its findings and recommendations after Easter.

At least two bills have been introduced that pertain to drilling. One of them would direct the S.C. Department of Health and Environmental Control to expedite a company's application for an offshore-drilling permit.

During the committee's meeting Wednesday, members on both sides of the debate tried to strengthen their positions in the final report, arguing over what to include and how it should be phrased.

John Mark Dean, an ocean expert at the University of South Carolina, objected to part of the draft that suggested offshore drilling platforms were beneficial to fish simply because fish tended to congregate near them.

"It's misleading in the way it's presented," he said, noting that there is considerable debate within scientific communities over the question.

Hamilton Davis, project manager for the Charleston-based Coastal Conservation League, expressed nearly a dozen objections to the draft report and pointed to environmental damage caused in other places by oil tankers.

"I don't want to muddy the thing up," said the committee chairman, Sen. Paul Campbell, R-Goose Creek. "We're talking about drilling offshore for natural gas. ... We're not talking about drilling for oil."

Interior chief: No war with oil, gas
2 The Advocate, April 9, 2009; http://www.2theadvocate.com/news/42720502.html

By ALLEN M. JOHNSON JR.

NEW ORLEANS — U.S. Interior Secretary Ken Salazar on Wednesday said the Obama administration is not “at war” with the oil and gas industry.

“Some have said we are at war with the oil and gas industry … I would beg to differ,” Salazar told an audience of about 100 people Wednesday morning at Tulane University.

Later, with pro-oil exploration Sen. Mary Landrieu, D-La., standing politely at his side, Salazar later acknowledged energy industry uproar over a 5-year plan for $31 billion in administration-proposed taxes.

“It’s a hot issue,” Salazar said. “We will continue to look at it.”

The proposed taxes and a longstanding ban on offshore oil exploration bubbled up during Salazar’s visit to New Orleans, the second of four coastal cities on his fact-finding tour.

President Barack Obama wants to reduce heavy U.S. dependence on foreign oil — which he estimated at 60 percent to 70 percent of the nation’s energy supply — a goal that has eluded every president since Richard Nixon, Salazar told the audience.

Sworn in as the nation’s 50th Interior secretary on Jan. 20, Salazar promised that the administration would “strike a balance” among concerns over the economy, national security, and the environment while he gathers data for a new national energy policy requested by the president.

Salazar did not indicate whether the Democratic administration would lift a 28-year moratorium on new offshore drilling in the Gulf of Mexico that was imposed by Republican President George H.W. Bush in 1991.

“There are places we don’t believe it’s appropriate to drill,” Salazar said.

He offered national parks as an example.

Salazar also said the federal Government Accounting Office recently reported that royalty rates for federal oil leases — another source of frustration for industry supporters — have not been reviewed in a “quarter of a century.”

“We’re in the information-gathering stage, so I’m learning a lot,” he said.

New Orleans was part of his tour of the coastal U.S., aimed at developing a new approach to energy resources of the Outer Continental Shelf.

The OCS refers to 1.7 billion acres of federally owned land, 3 to 200 miles off the nation’s coasts, according to the Interior Department.

Salazar has extended the public comment period on the department’s 5-year oil and gas lease program until Sept. 21.

He said new federal rules for developing alternative renewable energy sources — such as wind, water, and waves — will be finished sooner.

The Obama administration wants 25 percent of U.S. energy to come from alternative energy sources by 2025.

On Monday night in Atlantic City, N.J. — the first stop of his tour — Salazar discussed the East Coast potential for generating 1 million megawatts of power by wind turbines in the Atlantic Ocean.

In New Orleans, however, pro-energy advocates and environmental activists from across the Gulf Coast focused on voice support — or opposition — to lifting the federal ban on offshore drilling.

“All areas of the OCS should be open without delays for oil and natural gas development,” Sara Banaszak, an economist for the American Petroleum Institute, representing 400 oil and gas companies. “This would mean more jobs, more revenues for local, state and federal governments and greater energy security.”

Oil and gas supplied 63 percent of the nation’s energy needs in 2007 — compared to less than 1 percent from wind and solar sources, she said.

Sandi Fury, a manager for Chevron Oil, said the drilling moratorium should be lifted from the eastern Gulf of Mexico — the area “most likely” to bring new energy to consumers.

Fury said the federal Minerals Management Service should then lease former banned areas “with a prioritized and phased approach. She was one of several dozen pro-industry people in the audience sporting “Yes OCS” buttons.

Darryl Malek-Wiley, a spokesman for the Louisiana Sierra Club, opposed lifting the ban. He said environmentalists are concerned with the aging infrastructure of the oil and gas industry.

“We had 8 million gallons of oil spilled post-Katrina — much of it was from land-based rigs,” Malek-Wiley said, citing Coast Guard reports. “We think there needs to be additional research on the hurricane survivability of oil rigs and onshore infrastructure.”

Paula Vassey, a community activist in Gautier, Miss., opposed ending the offshore drilling ban.

“Our cancer rates are among the highest in the country and the oil industry is one of the contributors,” Vassey said.

Kent Satterlee of Shell Oil said: “We have the technology. We have the expertise. The OCS can be explored and developed safely and responsibly.”

Salazar’s tour continues in Anchorage, Alaska, on Tuesday and San Francisco on Aug. 16.

There were no fiery protests in New Orleans. Federal signs at Tulane barred “bullhorns” and “full-body costumes.”

However, an MMS employee said his new boss, Salazar, did chat briefly with an activist outside the arena “with a woman dressed as a polar bear.”

Examiner Editorial: Instead of drilling for oil, Obama tilts at windmills
SF Examiner, April 9, 2009; http://www.sfexaminer.com/opinion/Instead-of-drilling-for-oil-Obama-tilts-at-windmills-42713992.html

Weaning the U.S. off imported oil by drilling for known reserves off our coasts and under federal lands is a no-cost economic stimulus that would create 160,000 high-paying jobs and generate $1.7 trillion in new tax revenue and royalties. Tapping this resource would stop the flow of U.S. dollars to Middle Eastern sheikdoms, Hugo Chavez’s Venezuelan madhouse and other OPEC outposts of petroleum-fueled global lunacy. But even though a large majority of Americans favor expanding domestic oil and gas production, the Obama administration is literally tilting at windmills instead.

The Minerals Management Service estimates that there are 115 billion barrels of recoverable oil beneath the Outer Continental Shelf, enough to replace 50 years worth of OPEC imports. Almost half can be accessed using existing technology. Last year, in response to the House Republicans’ “Drill Here, Drill Now” revolt during the August recess, Congress removed decades-long legislative obstacles to recovering these resources.

But when Interior Secretary Ken Salazar recently announced the sale of more than 40 oil and gas leases in the Gulf of Mexico, it was if August had been erased from history. Salazar only approved leases in areas already designated for drilling. He then ordered a 180-day review of offshore drilling, an obstructionist move that is clearly a prelude to a bureaucratic re-establishment of the drilling moratorium. To add insult to injury, Salazar also canceled 77 leases in Utah.

Salazar claims wind turbines off the Atlantic can produce enough electricity to replace the 1 million megawatts currently being generated by coal, natural gas, nuclear, biomass and other energy sources. “Secretary Salazar is living in fantasy land,” Thomas Pyle, president of the Institute for Energy Research, told The Examiner. The wind currently generates less than 1 percent of our electricity needs, he said, adding that “we would need to install 309,587 giant turbines — about 172 turbines per mile of coast — and hope the wind blows 24 hours a day, seven days a week,” while paying twice as much for electricity as we do now. This is the road to economic ruin.

No credible studies support claims that the U.S. can quickly replace oil, gas and nuclear energy with even the most heavily subsidized alternative-energy sources. That effort will require at least another two decades.

We should develop all available energy resources, to be sure. But in the meantime, instead of tilting at windmills and continuing to buy 70 percent of our oil from foreign nations, let’s develop our own natural energy resources and keep our money and jobs here in America.

Salazar stresses balance in offshore development
AP, April 9, 2009;
http://www.google.com/hostednews/ap/article/ALeqM5iN_e9IyrNIETUW34zVwdHehztzxgD97EI49G0

By CAIN BURDEAU

NEW ORLEANS (AP) — As the Obama administration formulates its energy policy, Interior Secretary Ken Salazar said Wednesday he would take a broad look at exploiting the waters off U.S. shores, advancing both renewable energy and traditional drilling.

Salazar spoke at a public meeting as he draws up a plan for development in federal waters, or the Outer Continental Shelf. Federal waters extend 200 miles offshore and cover about 1.7 billion acres.

In keeping with Obama's pledge to be more environmentally conscious than the Bush administration, Salazar also emphasized the need to balance environmental and economic interests.

"It seems to me that we may be at the point of time to bring those two things together," Salazar said.

"We will find the right balance," he added. "I would think that most people in America would want us to address the economic security, the national security and the environmental security issues that confront our country."

In February, Salazar said his agency would develop a comprehensive plan for offshore development by identifying available resources and issuing rules for offshore windmills and deep-sea turbines.

In 2007, the Outer Continental Shelf accounted for 14 percent of the nation's natural gas production and 27 percent of its oil production. Salazar said the waters off the coast could produce much more of the nation's energy needs.

Wednesday's meeting was held at Tulane University in New Orleans.

As oil and environmental interests spoke during a comment period, Salazar repeatedly said he was open to listening to both sides.

Several officials from Gulf states, including Sen. Mary Landrieu, D-La., and Rep. Gene Taylor, D-Miss., stressed the importance of oil and gas in the region.

Salazar has been reviewing whether offshore drilling should be expanded. Earlier this year, he scrapped a Bush administration drilling plan that included energy development along both the Atlantic and Pacific coasts.

On Wednesday, he said he understands the importance of oil and gas drilling, but said there were legitimate concerns about its expansion into the eastern portion of the Gulf, closer to the shores of Florida, where drilling has been off-limits.

He also noted that oil and gas companies already have plenty of places to drill. "I also would remind all of us there is extensive acreage that we are making available for lease in the Gulf of Mexico," he said.

Oil companies see it differently.

"All areas of the Outer Continental Shelf should be open without delays for oil and natural gas development," said Sara Banaszak, senior economist of the American Petroleum Institute. "This would mean more jobs, more revenues for cash-strapped local, state and federal governments, and greater energy security."

Public meetings will be held Tuesday in Anchorage, Alaska, and April 16 in San Francisco. On Monday, the Interior Department held the first meeting in Atlantic City, N.J.

Salazar defends proposed industry tax hikes
E&E News, April 8, 2009; http://www.eenews.net/eenewspm/2009/04/08/7

Noelle Straub

Interior Secretary Ken Salazar today defended tax increases on offshore oil and gas producers proposed in the Obama administration's 2010 budget but said different rates for small and large companies may be considered.

The budget, which would repeal several oil industry tax incentives and impose new taxes on Gulf of Mexico producers, attempts to strike a balance between a fair return to taxpayers and ensuring the changes will not put industry "out of business," Salazar said. But he added that there may be a "differential reality" between small producers and the largest companies.

"We will continue to look at that as we move forward," he said.

Salazar made the comments to reporters after a morning-long public session in New Orleans, the second of four regional meetings he is holding to hear comments on offshore drilling plans. While Monday's hearing in New Jersey featured more opponents of offshore drilling, pro-industry speakers dominated today's event.

President Obama's overall budget would eliminate $31.5 billion in "oil and gas company preferences" over a decade, according to a slender summary released by the White House. The plan includes a "new excise tax on offshore oil and gas production in the Gulf of Mexico to close loopholes that have given oil companies excessive royalty relief."

It also would repeal oil and gas companies' ability to claim a deduction on domestic manufacturing income, repeal expensing of intangible drilling costs and of the percentage depletion for oil and natural gas, charge new fees on nonproducing Gulf of Mexico leases, and consider reforming royalties and adjusting rates (Greenwire, Feb. 26).

Oil Giants Loath to Follow Obama's Green Lead
NYT, April 8, 2009; http://www.nytimes.com/2009/04/08/business/energy-environment/08greenoil.html?_r=1&em

By JAD MOUAWAD

The Obama administration wants to reduce oil consumption, increase renewable energy supplies and cut carbon dioxide emissions in the most ambitious transformation of energy policy in a generation.

But the world's oil giants are not convinced that it will work. Even as Washington goes into a frenzy over energy, many of the oil companies are staying on the sidelines, balking at investing in new technologies favored by the president, or even straying from commitments they had already made.

Royal Dutch Shell said last month that it would freeze its research and investments in wind, solar and hydrogen power, and focus its alternative energy efforts on biofuels. The company had already sold much of its solar business and pulled out of a project last year to build the largest offshore wind farm, near London.

BP, a company that has spent nine years saying it was moving "beyond petroleum," has been getting back to petroleum since 2007, paring back its renewable program. And American oil companies, which all along have been more skeptical of alternative energy than their European counterparts, are studiously ignoring the new messages coming from Washington.

"In my view, nothing has really changed," Rex W. Tillerson, the chief executive of Exxon Mobil, said after the election of President Obama.

"We don't oppose alternative energy sources and the development of those. But to hang the future of the country's energy on those alternatives alone belies reality of their size and scale."

The administration wants to spend $150 billion over the next decade to create what it calls "a clean energy future." Its plan would aim to diversify the nation's energy sources by encouraging more renewables, and it would reduce oil consumption and cut carbon emissions from fossil fuels.

The oil companies have frequently run advertisements expressing their interest in new forms of energy, but their actual investments have belied the marketing claims. The great bulk of their investments goes to traditional petroleum resources, including carbon-intensive energy sources like tar sands and natural gas from shale, while alternative investments account for a tiny fraction of their spending. So far, that has changed little under the Obama administration.

"The scale of their alternative investments is so mind-numbingly small that it's hard to find them," said Nathanael Greene, a senior policy analyst at the Natural Resources Defense Council. "These companies don't feel they have to be on the leading edge of this stuff."

Perhaps not surprisingly, most investments in alternative sources of energy are coming from pockets other than those of the oil companies.

In the last 15 years, the top five oil companies have spent around $5 billion to develop sources of renewable energy, according to Michael Eckhart, president of the American Council on Renewable Energy, an industry trade group. This represents only 10 percent of the roughly $50 billion funneled into the clean-energy sector by venture capital funds and corporate investors during that period, he said.

"Big Oil does not consider renewable energy to be a mainstream business," Mr. Eckhart said. "It's a side business for them."

Shell, for example, said it spent $1.7 billion since 2004 on alternative projects. That amount is dwarfed by the $87 billion it spent over the same period on its oil and gas projects around the world. This year, the company's overall capital spending is set at $31 billion, most of it for the development of fossil fuels.

Industry executives contend that comparing investments in oil and gas projects with their research efforts in the renewable field is misleading. They say that while renewable fuels are needed, they are still at an early stage of development, and petroleum will remain the dominant source of energy for decades.

In its long-term forecast, Exxon says that by 2050, hydrocarbons — including oil, gas, and coal — will account for 80 percent of the world's energy supplies, about the same as today.

"Renewable energy is very real," David J. O'Reilly, the chief executive of Chevron, said in a speech in New York last November. "We need it. It will be an essential part of the future I envision. But it's not realistic to suppose we can replace conventional energy in a timeframe that some suggest."

Chevron has spent about $3.2 billion since 2002 on "renewable and alternative energy and energy efficiency services," according to Alexander Yelland, a spokesman. It plans to spend $2.7 billion in the three years through 2011 on a variety of projects, including a business that helps improve energy efficiency for companies and government agencies, he said.

Despite Washington's newfound green enthusiasm, industry executives argue that replacing any significant part of the fossil fuel business will take decades, at best. Just to keep up with growth in demand for conventional sources of energy, producers will need to invest more than $1 trillion each year from now to 2030, according to the International Energy Agency.

"Many of these companies see the world is changing," said Daniel Yergin, the chairman of Cambridge Energy Research Associates and a historian of the industry. "But the challenge for a very large company is to get critical scale. People tend to forget the scale of the energy business."

The world consumes about 85 million barrels of oil a day. The United States alone would require six times its arable land — and 75 percent of the world's cultivated land — to supply its needs with ethanol made from corn, according to calculations by Vaclav Smil, an energy expert at the University of Manitoba.

More realistic, and modest, targets are proving tough to reach. Congress's ethanol mandate, which requires oil companies to use 36 billion gallons of ethanol by 2020, cannot be achieved, experts say, without major technological advances that are still years away.

To increase supplies, most companies are looking to tar sands in Canada or converting coal or natural gas into liquid fuels, technologies that emit far more carbon dioxide than conventional oil does.

Shell, a major investor in Alberta in Canada, says that traditional oil supplies will not be enough to meet the growth in the world's energy needs over the next half-century. In 2007, BP invested in Canadian tar sands, prompting criticism that it was "recarbonizing" itself.

John M. Deutch, a professor at the Massachusetts Institute of Technology and a former director of central intelligence, said there was little point in criticizing oil companies without first establishing federal rules that set a price on carbon dioxide emissions. Once that happens, he said, companies will adapt their strategies.

"What role will oil companies play in the future in alternatives to conventional hydrocarbon? The correct answer is nobody knows," Mr. Deutch said. "The important thing is for the government to establish a carbon policy. You can be absolutely confident that oil companies will pursue that, as will any other companies."

One area where companies are increasingly focused is the development of liquid fuels from plants. BP said it would soon build a demonstration plant in Florida for a type of ethanol made from plant material; Shell has worked with several firms since 2002 to develop ethanol from nonfood crops. Last year, it signed agreements with six companies, including one in Brazil, and decided to drop its other renewable efforts to focus solely on biofuels.

"Biofuels feels closest to our core business," said Darci Sinclair, a company spokeswoman.

Other areas also hold significant promise for the industry, like technologies to capture carbon dioxide emissions and store them underground, and energy-efficiency programs, especially in the transportation sector. Exxon, long the most skeptical of the oil companies toward alternative energy investments, is working on long-term programs to improve fuel economy and reduce emissions.

In the end, many analysts say they believe that oil companies are waiting for a winning technology to emerge. Alan Shaw, the chief executive of Codexis, a biotechnology company in Silicon Valley that works with Shell, said oil companies were not blind to the new political reality but they were also in the business of making a profit.

“Don’t lose heart with Big Oil,” Mr. Shaw said. “They aren’t at a point where they are ready to invest yet, but they are getting there. I think in the next 10 years, they will invest hundreds of times more than they have in the past 10 years.”

Lt. Gov. Bolling pushes offshore drilling for oil and gas
Richmond Times-Dispatch, April 8, 2009; http://www.timesdispatch.com/rtd/business/energy/article/B-DRIL08_20090407-210612/251234/

By Peter Bacque

Offshore drilling for oil and gas could bring billions of dollars and thousands of jobs to Virginia, and help secure the nation's energy future, speakers at an industry-sponsored forum said yesterday.

"More energy equals more jobs for Virginia," Republican Lt. Gov. Bill Bolling said. "That should be priority No. 1 for everybody across the commonwealth of Virginia."

Bolling spoke to about 20 people at an offshore oil and gas forum in Richmond sponsored by the Virginia Manufacturers Association and the Southeast Energy Alliance.

The federal government is considering leasing areas in the Atlantic Ocean off the Virginia coast for oil and gas development.

The lease sale would be held no earlier than 2011, according to the U.S. Department of the Interior's Minerals Management Service. The potential lease area covers about 2.9 million acres, at least 50 miles offshore.

The Minerals Management Service estimates the area may contain 130 million barrels of oil and 1.14 trillion cubic feet of natural gas.

Over a 10-year period, Bolling said, developing an offshore energy industry in Virginia could:
create more than 25,000 jobs;
spur nearly $8 billion worth of investment;
yield $644 million in payroll; and
produce $271 million in state and local taxes.

Democratic Gov. Timothy M. Kaine backs only exploratory drilling for natural gas. By law, however, the federal government cannot restrict the development to natural gas alone.

"There's no way the United States can drill its way out of our energy problems," environmentalist Glen Besa of the Sierra Club's Virginia chapter said in an interview yesterday.

"The longer we foster our dependence on oil," Besa said, "the more we'll be dependent on foreign sources, many of which are hostile to the United States."

But, said David Holt, president of the Houston-based Consumer Energy Alliance, "there is no alternative energy solution that will meet the [nation's energy] demand for the foreseeable future."

"When you've got an oil industry," Besa also argued, "you're going to have oil spills."

By reducing the need to ship the oil and gas in tankers and barges, a Virginia petroleum field would "actually reduce the threat to the environment," state Sen. Frank W. Wagner, R-Virginia Beach, told the forum.

Lift offshore-drilling ban to jump-start economy
Houston Chronicle, April 8, 2009; http://www.chron.com/disp/story.mpl/editorial/outlook/6363599.html

By MICHAEL ECONOMIDES

Here on the Gulf Coast, the benefits of our domestic oil and natural gas industry are and have been for years abundantly clear — well-paying jobs, far lower unemployment than the national average, robust economic activity and healthy flows of money to government treasuries.

But, for difficult to understand reasons, Washington policymakers want to keep untapped oil and natural gas reserves off our coast out of reach.

By choosing not to expand offshore oil and natural gas production, the United States would be rejecting an important route to jump-starting our sluggish economy. Hopefully, the federal officials who descend on New Orleans today for a public hearing on domestic offshore energy development will promote expanded access to the vast, domestic energy resources on the Outer Continental Shelf (OCS).

Doing so would allow the economies of Texas, Louisiana and other Gulf Coast states to get back on the road to recovery while our nation enhances its energy security.

As Interior Secretary Ken Salazar heads south to present the findings from a newly released Minerals Management Service and U.S. Geological Survey report on conventional and renewable offshore energy resources, he will be met by an audience coping with rising unemployment and local officials thirsty for fresh tax revenue.

The picture isn’t pretty.

This past Friday, it was reported that the U.S. unemployment rate has leaped to its highest rate in March since 1983. In the Gulf Coast area, the regional state unemployment rate averages 7.8 percent.

Furthermore, many states in the Gulf region are grappling with looming budget deficits in 2009.

Expanding access to offshore oil and natural gas offers a solution to these economic woes. In Texas alone, exploration and production of OCS energy would create more than 7,000 new, well-paying and long-lasting jobs. The state would also benefit from $175 million in new tax revenue and $437 million in increased wages.

That’s a lot at stake from a little decision: deciding whether or not the remaining offshore bans are permanently lifted.

In fact, permanently lifting the moratoria on offshore energy production has the potential to generate 1.2 million new jobs, $8 trillion in additional economic output and $2.2 trillion in extra tax receipts nationwide, according to a newly released study from the American Energy Alliance. From the California coast to the Jersey shore, our energy-rich continental shelf houses more than 115 billion barrels of oil, according to the new Minerals Management Service and U.S. Geological Survey report. More than 30 billion of those barrels lie off Louisiana.

In 1953, the Outer Continental Shelf Lands Act (OCSLA) was passed into law, granting authority over mineral leasing on the continental shelf beneath the water off the nation’s shorelines. Amendments made to the OCSLA in 1978 set up a five-year cycle for conducting oil and natural gas leases. But with the enactment of the Gulf of Mexico Energy Security Act of 2006, the eastern portion of the Gulf was placed off limits until 2022.

Americans don’t want to wait any longer as their domestic energy resources are kept locked away in the favor of special interests. They are also not in the mood for more government red-tape aimed at further restricting access to domestic offshore oil and natural gas resources. Facing tough economic choices, they rely on affordable and reliable energy. They support attempts to permanently lift the moratoria on offshore oil and natural gas production.

As Washington attempts to revive our financial system and construct a new energy economy, Texans already recognize at least one critical part of the solution — expanded offshore energy production.

Given the current state of our economy, it would be grossly counterproductive to restrict access to our abundant offshore oil and natural gas resources. Access to these offshore resources close to home will lower prices, generate jobs and create substantial economic activity.

If our policymakers are serious about helping communities here on the Gulf, they should permanently lift the offshore moratoria on OCS exploration and production. In this economy, we cannot afford anything less.

Santa Barbara County supervisors rethink stance on offshore drilling
LA Times, April 7, 2009; http://www.latimes.com/news/local/la-me-oilvote7-2009apr07,0,1280817.story

Eight months after their surprising embrace of offshore oil drilling, the supervisors are set to resume their decades-old ban of the practice. An Interior Department hearing is planned for next week.

By Steve Chawkins

Eight months after their surprising embrace of offshore oil drilling, Santa Barbara County supervisors are set today to resume their decades-old opposition to the practice.

Their 3-2 decision last August to request that the state allow expanded drilling was a startling about-face in eco-conscious Santa Barbara, where a disastrous 1969 oil spill triggered the modern environmental movement. It fueled calls to loosen environmental restrictions and added weight to the rallying cry "Drill, baby, drill!" chanted by Republicans at their 2008 presidential convention as voters grew increasingly angry over high gas prices.

But now the board's majority has shifted from Republican to Democratic, the Obama administration has taken over in Washington, and the price of crude oil has plunged from nearly $150 a barrel last summer to about $52 a barrel on Monday. With an Interior Department hearing on offshore drilling planned next week in San Francisco, the supervisors are to consider a resolution urging a ban on new offshore drilling.

"It's definitely a reversal," said Supervisor Janet Wolf. "It became politically charged to point to our county as a place that was willing to take another look at offshore drilling. Now we're saying no, that's not the case."

Wolf, with Supervisor Salud Carbajal, introduced the measure. Doreen Farr, who replaced pro-drilling Brooks Firestone on the five-member board after November's election, said she will support their measure.

"I feel strongly that we've been a national leader in conservation and alternative energy," Farr said. "That's the direction we need to go. We can't drill our way out of this."

As gas prices soared toward $5 a gallon last year, Congress and the Bush administration lifted long-standing bans on expanding offshore drilling. Two months ago, Interior Secretary Ken Salazar slowed the process for granting new offshore leases, criticizing the previous administration's "headlong rush."

But many Santa Barbara County residents have no problem with tapping into undersea resources, contending that evolving technology has minimized the risk of catastrophic spills.

"It's irresponsible not to develop offshore drilling and production, with a serious eye to making certain it's safe -- which it can be," said Joni Gray, a supervisor who represents the Santa Maria and Lompoc areas.

To some, the conflict mirrors a county split between its conservative, agricultural north and its liberal, more affluent south.

"It's two different worlds," Gray said. "A lot of people in the north came here because their parents or grandparents worked in the oil industry. That was a good job. If you weren't fortunate enough to have a master's or a Ph.D. or a large inheritance, it was a way of working yourself out of the fields or washing dishes."

Although the supervisors have no direct authority over offshore drilling, they issue permits for critical onshore processing facilities. And even though it's largely symbolic, their vote today will have an effect outside Santa Barbara.

"It'll make a big difference," said Linda Krop, an attorney for the Environmental Defense Center. "We might think we're just one community, but attention to what Santa Barbara does is elevated" because of the 1969 oil spill and the area's well-known environmental activism.

API slaps administration on policy
Upstream Online, April 7, 2009; http://www.upstreamonline.com/live/article175393.ece

By Noah Brenner

The head of the American Petroleum Institute issued a letter to Congress Friday saying the Obama administration's energy policies were bad for the economy and could cause a spike in oil prices when demand increases.

API boss Jack Gerard scorched administration plans to boost taxes on the oil and gas companies during a time when prices are low and pointed to "a pattern of delay" in approving new initiatives like offshore and oil shale leasing.

"The US oil and natural gas industry has the expertise and technology to produce the energy we need to fuel economic growth, create jobs, generate significant revenues for local, state and federal governments, and bolster our national security," he wrote in his letter. "However, our companies cannot do so if held back by harmful, counter-productive taxes and are restricted from access to domestic oil and natural gas resources that the country urgently needs."

The tax increases will further shrink capital budgets that are already being cut due to tight credit and slumping prices, Gerard said. The result will be that supply will flatten just as demand begins to increase.

"If imposed, these taxes and fees could have a debilitating effect on our economy, when our nation can least afford it," he said. "They would reduce investment in new energy supplies, meaning less energy produced for American consumers. We cannot tax our way out of our energy problems."

Gerard also said the country needs to move forward with Bush administration initiatives to open more acreage on the Outer Continental Shelf to leasing and offer larger blocks in the West for oil shale development. Both of those plans were delayed by new US Interior Secretary Ken Salazar shortly after his appointment in January.

"We cannot afford to delay addressing our nation's energy challenges," he said. "Every day we delay costs American jobs, reduces revenues to local, state and federal governments, and undermines our national security."

Gerard's letter comes as Salazar travels to Atlantic City, New Jersey today for the first of four public meetings on a proposed new five-year plan to lease on the OCS.

An API said the organisation routinely sends a letter to members of Congress before they go on holiday breaks, often trying to address current issues so lawmakers can better respond to constituents.

Bishop pushes for lowered offshore drilling restrictions
Deseret News, April 7, 2009; http://www.deseretnews.com/article/705295576/Bishop-pushes-for-lowered-offshore-drilling-restrictions.html

By Lee Davidson

It was a bit unusual for the chairman of the Congressional Western Caucus to testify at a hearing about oil and gas drilling in the Outer Continental Shelf off the Atlantic coast, but Rep. Rob Bishop said he did that Monday because rules on coastal drilling may affect oil development in the West, too.

"Just as I believe that the views of the Western states should be given greater say in how federal lands are managed within their borders, I also believe coastal states should have the ability to determine whether to allow drilling on adjacent offshore lands," said Bishop, R-Utah, chairman of the Western caucus.

That came in testimony in Atlantic City, N.J., before a regional hearing held Monday by the Mineral Management Service to discuss the future of offshore energy development on the Outer Continental Shelf.

"I would sincerely hope that my Eastern colleagues would grant to their Western friends the same deference and respect when it comes to onshore federal lands," he said.

Bishop said that maybe the best economic stimulus for the country would be to end restrictions on oil and gas development in the Outer Continental Shelf.

"Opening the OCS to balanced and environmentally responsible development is a key step towards unleashing our nation's vast energy resources and could be the best medicine we have available to jump-start the job creation and economic growth this country so desperately needs," he testified.

Bishop added, "For nearly three decades, the federal government has denied access to billions of barrels of oil and trillions of cubic feet of natural gas in the OCS. Given our current economic situation, it is more important than ever that the federal government allow access to all offshore oil and natural-gas supplies as soon as all necessary environmental protections have been put in place."

Bishop also said, "Federal offshore waters hold the greatest potential for finding and bringing new energy resources to market in the next five to 10 years. Developing new supplies of oil and natural gas in America is essential to economic growth and to our nation's energy security."

Salazar Gets Earful on Drilling
WSJ, April 7, 2009; http://online.wsj.com/article/SB123905372702994457.html

Contentious New Jersey Hearing Shows Challenge of Crafting Offshore Energy Policy

By BRIAN BASKIN

ATLANTIC CITY, N.J. -- A contentious public hearing Monday highlighted the Obama administration's challenge to craft an energy policy that emphasizes alternative fuels but also recognizes the dominance of traditional sources.

Opponents of offshore drilling dominated the hearing, convened by the White House to gauge public opinion on whether the government should expand oil and natural-gas production in federal waters. Drilling supporters focused on the industry's improved safety record, as well as billions of dollars in potential government revenue.

On the first leg of a four-city tour, Interior Secretary Ken Salazar got an earful about medical waste, "tar balls" from industrial spills and other detritus that has washed up over the years on the Jersey Shore, a popular tourist destination. The message from the majority of the roughly 200 attendees, who identified themselves as White House supporters, was that drilling off the Atlantic Coast would create new risks for the environment and the tourism industry.

Many of President Barack Obama's supporters, particularly in the Northeast, strongly object to new drilling off their shores. The oil and gas industry, however, is playing up its safety record and pointing to the benefits that increased domestic production could bring in the form of billions of dollars in new government royalty collections, money that could prove tempting amid soaring government budget deficits.

According to an analysis of federal data by Securing America's Future Energy, a Washington-based group of business and retired military leaders that advocates increased domestic production, the offshore industry produced 10.2 billion barrels of oil between 1985 and 2007 with a spill rate of .001%.

"I hope [the government] recognizes that we have a tremendous environmental record that they can look at," said Denise McCourt, industry-relations director with the American Petroleum Institute.

But voices like Ms. McCourt's were in the minority at the hearing. One group in the back rows held up dollar bills whenever pro-drilling speakers had the microphone, to show that "money talks," members said.

A proposal published by the Interior Department in the final days of the Bush administration would let energy companies drill for oil and gas in all or some portion of 12 areas of the outer continental shelf, including four areas off Alaska, two off the Pacific coast, three areas in the Gulf of Mexico and three more along the Atlantic coast.

Six of the sites -- those located off California, in the eastern Gulf of Mexico and along the Atlantic seaboard -- had been off-limits to development under a quarter-century-old federal moratorium. But congressional Democrats allowed the moratorium to expire last fall amid intense voter anger over high gasoline prices.

Mr. Salazar, who has been criticized by some oil-industry executives for extending by 180 days the original 60-day public comment period on the Bush administration proposal, described the public meetings as an attempt to break with what he described as the "secrecy" of the previous administration when it came to forging energy policy.

He said the Obama administration hasn't decided whether to allow additional drilling in the areas of the outer continental shelf that have traditionally been off limits, saying only that the waters in question would be part of a "comprehensive energy program" that includes renewable energy sources such as wind, in addition to fossil fuels.

Mr. Salazar's next stop is New Orleans, followed by Anchorage, Alaska, and San Francisco.

Salazar: Wind power can replace 3,000 coal plants
AP, April 6, 2009;
http://www.google.com/hostednews/ap/article/ALeqM5hYPThxv2IqnjxnLF7V9Omy7dmjCAD97D25UG0

ATLANTIC CITY, N.J. (AP) — Interior Secretary Ken Salazar says windmills off the East Coast could generate the same amount of electricity as 3,000 coal-fired power plants.

He also says domestic oil and natural gas drilling will continue to be part of the nation's energy equation.

The secretary spoke at a public hearing Monday in Atlantic City. The hearing is the first of four to be held around the country to discuss how energy resources such as oil, gas, wind and waves should figure into the Obama administration's energy policy.

Salazar also is exploring what to do now that a moratorium on offshore oil drilling has expired.

Environmentalists want to bar oil and gas drilling off the East Coast. The industry says oil and gas drilling can be safe.

Gambling America's future
The Times of Trenton, April 6, 2009; http://www.nj.com/opinion/times/oped/index.ssf?/base/news-0/123899074778010.xml&coll=5

BY MICHAEL DRULIS

April marks a pivotal month in the development of American energy policy, and the long road toward possible change begins today in Atlantic City. Interior Secretary Ken Salazar, along with the Minerals Management Service, is holding the first of four nationwide meetings to gauge public reaction to calls for expanded offshore drilling. The meeting is a rare opportunity for local residents to meet with members of the administration. In such critical times, the voice of New Jersey must be heard.

Many would be surprised to know that New Jersey holds an estimated 1.5 billion barrels of oil and nearly 7.1 trillion cubic feet of natural gas. Development in offshore New Jersey waters could generate nearly $47 billion in federal, state and local revenue. The safe, clean development of the nation's off-limits oil and natural gas resources would create almost 3,000 jobs in New Jersey.

As Gov. Corzine seeks ways to fund hospitals, schools, roads and the essential community safety nets, it is nearly impossible for New Jersey to turn its collective back on the promising revenue stream of oil and natural gas exploration. Factor in the state's projected $3 billion budget shortfall, and the need for additional capital becomes even more urgent.

It's the same story up and down the Eastern seaboard -- residents of Massachusetts, New York, Virginia, the Carolinas and Florida could all benefit from the opportunity created by expanded energy development.

In Massachusetts, for example, expanded development of oil and natural gas would create nearly 6,500 new jobs and produce more than 5 billion barrels of oil and nearly 25 trillion cubic feet of natural gas for the United States. In New York, expanded activity would generate almost $45 billion in additional state revenue and create nearly 4,000 jobs.

For a nation in search of stable economic footing, the energy industry can provide the foundation on which to climb. Unfortunately, it seems President Obama may have a different opinion on the economic -- and perhaps symbolic -- value of oil and natural gas.

Since assuming office, the Obama administration has delayed domestic development and threatened the oil and natural gas industry with an eye-popping $400 billion in new fees and taxes. In this fiscal climate, it's a dangerous gambit to downshift on energy production.

Tax hikes, in particular, are a recipe for disaster. History proves they kill existing jobs and depress future job creation. Higher industry taxes also result in higher energy costs, more expensive health care, and for those with energy-associated funds in their retirement portfolios, potentially greater losses in personal earnings.

Conversely, if the administration chooses to expand production and development, our nation -- especially those resource-producing states along the East Coast -- have much to gain.

Last year, the Interior Department's Minerals Management Service distributed a record $23.4 billion to state and federal accounts from onshore and offshore energy production. Expanding access will only increase the bottom line.

The production of oil and natural gas in the federal lands that are currently off-limits could generate nearly $2 trillion in government revenue nationwide. By adding those resources to our existing oil and natural gas fields, America could see roughly $4 trillion in total revenue from exploration and production. It is critical revenue at a critical time for all levels of government. This is a message Secretary Salazar needs to understand, and a message New Jersey residents need to deliver.

If the president's current budget proposal is signed into law, America will never see these revenue streams. The taxes and fees contained in President Obama's proposal would weaken U.S. energy production and discourage new investment in domestic oil and natural gas development. Under these circumstances, refining capacity would drop and infrastructure investment, along with much-needed American jobs, would end up overseas. This is not a solution for a struggling economy.

In New Jersey, unemployment staggers just over the 8 percent line. Compared to the rest of the nation, the numbers are hefty, but not dire. Other states along the East Coast grapple with unemployment rates touching nearly 12 percent of workers. In these tough times, New Jersey residents must take the initiative and not allow policies of distant lawmakers to threaten job creation or potential revenue windfalls along the East Coast.

Every day, industry, business and households across America rely on a steady supply of traditional fuels. Through the safe, clean expansion of offshore drilling, New Jersey can play a major role in contributing to these domestic needs, and, in part, help to secure America's energy future. Today, we cannot afford to just roll the dice in Atlantic City. Secretary Salazar must understand the great opportunity at hand and New Jersey's voice must be heard.

Meeting in Atlantic City today to address offshore oil, wind potential
Press of Atlantic City, April 6, 2009; http://www.pressofatlanticcity.com/180/story/450230.html

Atlantic City is serving as the only East Coast stop for a nationwide series of public forums on the potential of offshore projects, from alternative-energy ventures such as wind farms to drilling for petroleum and natural gas. The meeting is scheduled for today at the Atlantic City Convention Center.

Ken Salazar, the U.S. Secretary of the Interior, will present the department's findings on energy resources in the Outer Continental Shelf, or OCS, as well as the potential environmental impacts of bringing that energy to land.

A 26-year-old moratorium on offshore drilling was not renewed last year.

Salazar has said that national energy goals as well as offshore drilling policy could change based on what individual states have to say.

While petroleum companies are keen on seeing what resources are available in the OCS, all forms of energy need to be considered, according to Jim Benton, executive director of the New Jersey Petroleum Council.
"The mix of domestic resources need to be brought to bear so that we are more secure (and energy independent)," Benton said.

Some environmental groups are opposed to offshore oil drilling and believe that today's meeting presents a choice.

"This hearing is a moment of truth for the American people," said Jeff Tittel, director of the New Jersey Sierra Club. "We are either going to have a green economy based on renewable energy, or we will continue with the fossil foolishness of the past."

Offshore projects also are experiencing delays because both the Federal Energy Regulatory Commission and Minerals Management Service have laid claim to overseeing offshore energy projects. Until the matter is resolved, offshore wind projects such as those by Fishermen's Energy of New Jersey - which proposed building a 350-megawatt offshore wind farm off the coast of Atlantic City - are on hold and will not be able to contribute to the New Jersey Energy Master Plan's goal to generate 1,000 megawatts of electricity by 2012.

"If we can't get started with this process, that won't even matter," said Rhonda Jackson, a spokeswoman for Fishermen's Energy.

Sen. Robert Menendez and Sen. Frank Lautenberg, both D-N.J., have already expressed their opposition to offshore drilling, as has Rep. Frank LoBiondo, R-2nd, and Rep. John Adler, D-3rd.

Doors of the convention center open at 8 a.m. today, and meetings are expected to begin at 9 a.m.