# Week in News: November 2-8, 2009

**Big Oil's lean look fuels area jobs fear**
Houston Chronicle, November 8, 2009; http://www.chron.com/disp/story.mpl/hotstories/6709410.html

**Report underscores problems with coastal program**
Daily Comet, November 8, 2009;
http://www.dailycomet.com/article/20091108/ARTICLES/911089973/1026?Title=Report-underscores-problems-with-coastal-program

**Energy ABCs: Playing Americans for Fools**
Right Side News, November 7, 2009; http://www.rightsidenews.com/200911087186/energy-and-environment/energy-abcs-playing-americans-for-fools.html

**Ian R. MacDonald: Prospects, prophecies on offshore drilling**
Tallahassee Democrat, November 7, 2009;
http://www.tallahassee.com/article/20091107/OPINION05/911070305/Ian-R.-MacDonald--Prospects--prophecies-on-offshore-drilling

**COLUMN: The other side of offshore drilling — royalties, jobs, energy, and great fishing**
Walton Sun, November 6, 2009; http://www.waltonsun.com/news/jobs-3738-column-offshore.html

**GOP lawmakers urge Interior to continue streamlining permitting**
E&E Daily, November 6, 2009; http://www.eenews.net/EEDaily/2009/11/06/6

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Cape Cod Times, November 5, 2009;
http://www.capecodonline.com/apps/pbcs.dll/article?AID=/20091105/NEWS11/911059965

**EPW Dems end-run boycotting GOP, vote 11-1 for emissions bill**
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**The Crude Truth About Oil Reserves**
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**Report challenges feds to eliminate barriers to saving the coast**
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**Statoil Sells U.S. Oil Interest to Chinese Company**
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**MacDonnell's election may influence 2011 OCS lease sale**
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**Climate Plan Progresses Behind Closed Doors**
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**New leasing plan will start before current program ends -- MMS chief**
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**Academics Dig Into Offshore Drilling Debate**
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**America's Natural Gas Revolution**

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**Senate Republicans ignore Kerry-Boxer amendment deadline**
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**If Interior Department can't stop off-shore energy, NOAA has a backup plan**
Washington Examiner, November 2, 2009; http://www.washingtonexaminer.com/opinion/blogs/beltway-confidential/If-Interior-Department-cant-stop-off-shore-energy-NOAA-has-a-backup-plan-68327882.html

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E&E Daily, November 2, 2009; http://www.eenews.net/EEDaily/2009/11/02/7/

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**Big Oil's lean look fuels area jobs fear**
Houston Chronicle, November 8, 2009; http://www.chron.com/disp/story.mpl/hotstories/6709410.html

Brett Clanton

Houston's energy economy has clearly felt the sting of an unprecedented drop in crude and natural gas prices, with more than 18,000 jobs lost in past months.

But recent downsizing moves by Royal Dutch Shell, ConocoPhillips and other oil and gas companies appear to go beyond the typical bottom-of-the-cycle belt tightening.

They suggest a permanent shift toward doing more with less — in what could be a troubling trend for Houston.

“The oil and gas industry in the Houston area has probably seen its peak in terms of, if you want to call it, its glory years,” Allen Brooks, managing director at Parks Paton Hoepfl and Brown, a Houston investment bank that invests in the energy sector.

Last month, Shell said by year end it would cut 5,000 employees, or 10 percent of its global workforce, under a sweeping reorganization. ConocoPhillips — after cutting 4 percent of its workforce this year — is putting $10 billion in assets on the block to pay debts. BP, meanwhile, has cut more than 5,000 jobs worldwide under an ongoing turnaround, and major oil field services firms like Schlumberger and Halliburton have eliminated thousands more jobs this year.

While not all the job losses have been in Houston, the moves highlight a growing emphasis on getting lean to compete in a world where the costs and challenges of accessing new oil and gas reserves are rising each year.

“The discussion that's being had is, ‘Is being big bad?' Does that put you in a disadvantage competitively?,” said Bob Fryklund, vice president with IHS-Cambridge Energy Research Associates in Houston.

That discussion re-emerged last month, when James Mulva, CEO of Houston-based ConocoPhillips, questioned whether the large, integrated business model that has prevailed for decades among western oil companies is still the best way forward.

But Irving-based oil major Exxon Mobil has disputed the idea, as have other observers who say restructuring programs launched by ConocoPhillips and others stem more from issues at those companies than from broader industry challenges and that their impact may be overstated.

“In my opinion, it's just Wall Street window dressing,” said Barton Smith, director of the University of Houston's Institute for Regional Forecasting.

Bull's-eye on Houston?

The short-term impact, however, is real. Houston's upstream oil and gas industry — consisting of exploration and production, oil field services and equipment manufacturing — lost 13,800 jobs in the 12 months ending September 2009. Local employment now stands at 244,100, Smith said.

On the downstream side, which includes refining and petrochemical workers, local employment in September 2009 was 106,700, down 4,600 from the year before.

Some oil and gas jobs will inevitably return as the recession lifts and global energy demand rebounds. And Houston will remain a key hub of activity, buoyed in coming years by deepwater projects in the Gulf of Mexico, increasing activity in natural gas shale plays in North America and other work.

But other jobs may never come back to Houston, the casualties of a shrinking workplace, technology improvements and a shifting focus from North America to oil-rich areas of Africa, the Middle East and South America.

“How rapidly we decline,” Brooks said, “is open to a lot of debate.”

One factor could be the fate of climate change legislation in Congress, which could add costs to oil and gas producers, refiners, chemical makers and other parts of the energy sector, forcing them to cut jobs, Susan Combs, Texas comptroller of public accounts said.

“I think there's a big bull's-eye painted on Houston,” she said.

At the bottom line
Recent cuts by oil companies come after the global recession sapped energy demand worldwide and sent crude prices tumbling from nearly $150 per barrel in July 2008 to the low $30 range early this year. Natural gas prices also plummeted, from a peak above $13 per million British thermal units in 2008 to less than $3 per BTU in September.

While oil prices have rebounded to nearly $80 and natural gas prices improved slightly, many oil and gas companies have remained focused on reducing costs and strengthening balance sheets, awaiting clearer signs of an economic recovery before returning to business as usual.

Companies like Shell, ConocoPhillips and BP have gone a step further, saying recently announced changes signal a break from their old way of doing business.

Shell's “Transition 2009” reorganization was needed to speed-up decision-making and reduce complexity amid “considerable challenges” from high costs, volatile energy prices, and competition for new projects, CEO Peter Voser said in May.

BP CEO Tony Hayward said cuts were designed to simplify the company's structure, improve profitability relative to peers and shift resources and emphasis to the front lines.

A look into the past
ConocoPhillips' Mulva called it shrinking to grow.

But oil companies have not disclosed how their Houston operations will be affected by downsizing moves.

Shell cuts in Houston, where the company has nearly 13,000 employees, are expected to be in the “hundreds,” not thousands, a person familiar with the company's plans said.

A BP spokesman said the company did not have a breakdown of layoffs by region, while a ConocoPhillips spokeswoman said the company does not publicly release details about job reductions.

Past downturns have cut deeply into Houston's oil sector.

In 1982 and 1983, for instance, some 125,000 of oil field equipment manufacturing jobs were lost, followed in 1986 by significant white-collar cuts, Smith said.

This time around, the oil equipment manufacturing business is once again taking the brunt of the job losses, he said. Oil services and equipment providers including Schlumberger, Halliburton, Baker Hughes and others have axed thousands of jobs amid a collapse in natural gas drilling this year.

Donald May, 63, said he was laid off in January after two years as a project manager with a local drilling services company.

Though he has 30 years of experience in the industry and is even willing to take a pay cut and an overseas assignment, he said he is still hunting for work.

May fears his age may be working against him, but remains optimistic, having gone through this before in his career.

“If you're in the oil and gas business,” he said, “you somewhat expect it.”

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**Report underscores problems with coastal program**
Daily Comet, November 8, 2009;
http://www.dailycomet.com/article/20091108/ARTICLES/911089973/1026?Title=Report-underscores-problems-with-coastal-program

Jeremy Alford

BATON ROUGE – Politicians, business leaders and scientists from all over the Gulf Coast, including Terrebonne and Lafourche parishes, are coalescing behind a new study that calls for widespread changes in a federal coastal program that’s bogged down in a “maze of bureaucratic roadblocks.”

The study, released earlier this week, is called “Region at Risk: Preventing the Loss of Vital National Assets.” It suggests that one of the major obstacles to advancing coastal agendas may be the federal government’s Coastal Impact Assistance Program because it “lacks efficiency and effectiveness, bottling up millions in available funds that should be spent on coastal projects.”

Representatives from Texas, Louisiana, Mississippi and Alabama weighed in on the findings Wednesday during the third-annual America’s Energy Coast Policy Forum in Washington, D.C.

“Multiple hoops, rule changes and alternating staff have resulted in a program that is ineffective at best,” said Jody Henneke, Texas’ deputy land commissioner of coastal resources. “While CIAP certainly has the potential to be an effective tool in the effort to protect and restore our vulnerable coastal landscapes, bureaucratic red tape and excessive delays have caused unnecessary burdens and administrative expenses for the states it was designed to support.”

The same sentiment can be found among Louisiana officials as well, all the way down to the local level, where unused and otherwise available federal dollars are undermining major initiatives.

Nicholas Matherne, coastal director for Lafourche Parish, said his local projects were accepted and approved with “little difficulty” when CIAP first started, but now that construction is ready to commence, action on the federal side has practically come to a halt.

“The Coastal Impact Assistance Program has had a large number of disappointments since its funding commencement in 2007,” Matherne said. “It seems that everyone who is receiving funds from this program is finding difficulty in different aspects of the program.

“We understand that this is the first attempt by Minerals Management Service at orchestrating a large grant program like this, but the delays that we are experiencing are unacceptable,” he added.

UNANSWERED QUESTIONS

Locally, CIAP dollars have been promised for projects like a lock and freshwater diversion on the Houma Navigation Canal and the elevation of La. 1 between Golden Meadow and Port Fourchon, among others.

About $3.36 million is supposed to be directed to Terrebonne Parish annually through CIAP, while $2.35 million is meant for Lafourche.

Congress initially authorized the program in 2005 and directed the federal Minerals Management Service to distribute $250 million a year among six energy-producing coastal states to mitigate the impacts of offshore oil and gas production activities.

Of the $1 billion that's now available to Texas, Louisiana, Mississippi, Alabama, Alaska and California, less than $100 million has been disbursed, according to the study.

Leslie R. Suazo, Terrebonne's coastal director, said the present-day program has been "extremely cumbersome and inefficient," especially when compared to the inaugural CIAP in 2000, which was administered by the National Oceanic and Atmospheric Administration.

That Louisiana is now feeling the same pinch as other states from CIAP isn't exactly fair, since it's been working with the program longer than any other, she said.

"The state of Louisiana was the first to submit its plan and was the first state to have its plan approved and accepted by MMS," Suazo said.

At a recent CIAP workshop held this summer in New Orleans, Suazo said many questions posed to MMS personnel were not answered on the spot, "as is often the case."

Questions were brought up involving grantees, sub-grantees, contractual issues and many other topics, she said.

"Some of those questions were just answered last month," Suazo said. "Again, a very inefficient process for these monies."

BEDEVILING DETAILS

Matherne said the problems he's experiencing in Lafourche are coming from minor details in paperwork.

"We currently have two 50-acre marsh restoration projects that are ready to begin construction, but because of questionable wording in our project narratives, we are forced to postpone the start of construction," Matherne said. "The problem with this is that this time of year is prime dredging time. The water depth in the project area is optimum for making our dredging effective and expansive."

Basically, if Lafourche were to dredge now, residents would receive the most protection for the money being provided, he said.

"Especially in a recovering economy, people need to be extremely mindful of spending money wisely, and the government is no different," Matherne said. "The delays that MMS is causing could potentially impact the overall effectiveness and cost of our projects, and this is completely unacceptable."

MORE FROM THE REPORT

The "Region at Risk" report also notes the sense of urgency with which the long-term sustainability of the Gulf Coast must be addressed.

"While the U.S. Army Corps of Engineers takes about 40 years on average to complete a project, we don't have 40 years," said Garret Graves, executive director of Louisiana's Office of Coastal Activities. "Since the 1930s Louisiana has lost more than 2,300 square miles of wetlands. To think that this nation has a 'no net loss of wetlands' policy while this massive ecosystem collapse continues to occur unabated is extraordinary."

The report likewise highlights the activities along what it calls "America's Energy Coast" that make it unlike any other coastal region in the U.S:

- As the epicenter of energy and environmental issues, the region is crucial to shipping, oil and gas development, refining and transportation, fisheries and flyways, the report says.

- The four states in the AEC contribute 90 percent of America's offshore energy production, 30 percent of the nation's overall oil and gas supply, and 30 percent of its seafood in the lower 48 states.

n In addition, the Mississippi River and the coastal marshes are habitat for millions of migratory songbirds and waterfowl.

- Ten of the nation's top 14 ports are in these four states, with most of the nation's grain shipped down the Mississippi River and distributed worldwide from the Gulf Coast.

"Federal recognition and support is critical to our ability to preserve this vital economic region, and all that it provides to the nation," said Mark Hurley, general manager of distribution strategy with Shell Pipeline and chair of the AEC Industry Council.

Download a PDF of the report online at www.americasenergycoast.org.

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**Energy ABCs: Playing Americans for Fools**
Right Side News, November 7, 2009; http://www.rightsidenews.com/200911087186/energy-and-environment/energy-abcs-playing-americans-for-fools.html

Alan Caruba

I have long harbored strong doubts about the knowledge that most Americans possess regarding the sources of energy they largely take for granted. We flip a switch and the lights go on. We pull up to the gas pump and drive away. We use machines that are totally dependent on having enough electricity to power entire cities as well as rural communities.

Since all successful economies depend on abundant, affordable energy, why is the Congress preparing to pass a cap-and-trade bill, renamed to suggest "clean energy" and "national security" has anything to do with a huge tax on the use of energy by all Americans?

There are some fundamental facts about energy in America you need to know. The Congressional Research Service recently released a report on U.S. energy reserves. To begin:

The U.S. has 1,321 billion barrels of oil (or barrels of oil equivalent for other sources of energy) when combining its recoverable natural gas, oil and coal reserves. This is oil known to exist and oil estimates in fields as yet untapped. Between Alaska and the continental offshore potential, we could literally be self-sufficient.

Keep in mind, however, oil represents less than 40% of our energy use, nor do we import most of that from the Middle East. Two-thirds of our oil consumption comes from North America with Canada and Mexico being major providers. By expanding domestic production, we could reduce dependency on the Middle East even further.

That said, since the days of Jimmy Carter, the White House and Congress has gone out of its way to make it difficult, if not impossible, to tap domestic reserves. When a windfall profits tax was imposed on November 9, 1978, it sent a message to U.S. oil companies they were not welcome here.

While ExxonMobil is the favorite target of environmental organizations such as Friends of the Earth or the Sierra Club, the fact is that it is no longer in the seven top oil producers in the United States. The "big" domestic oil companies are now Aera Energy, Anadarko, and Occidental. ExxonMobil looks for oil in overseas locations.

Astonishingly, other oil producing nations whose reserves are ranked behind the U.S. are Russia, Saudi Arabia, China, Iran, and Canada. The only oil "shortage" in the U.S. is one created by Congress and the energy policies of a succession of past presidents. An estimated 87% of our oil reserves remain untouched.

When it comes to coal, the United States is the Saudi Arabia of coal with 28% of all the world's coal reserves. Russian comes in second with 19%.  Coal represents more than 50% of all the electricity produced in America and the Obama administration has declared war on it.

The cap-and-trade bill before Congress puts all of its emphasis on the two worst, most expensive, and job-killing forms of energy, wind and solar. Combined they represent a pathetic 1% of electricity. They are unreliable sources, dependent on whether the sun is shining or the wind is blowing. Moreover, though never mentioned, they require backup sources of traditional energy production. You cannot have wind or solar energy without also having a coal-fired, hydroelectric, or nuclear plant to ensure a steady source.

As reported in Newsweek, "Each year as much as $100 billion is spent by governments and consumers around the world on green subsidies to encourage wind, solar, and other renewable energy markets."

The result, in the U.S. is a virtually army, "1,150 lobbying groups that spent more than $20 million to lobby the U.S. Congress as it was writing the Clean Energy bill (which would create a $60 billion annual market for emissions permits by 2012.)"

The Newsweek article said, "It's a genetic defect that not only guarantees great waste, but opens the door to manipulation and often demonstrably contravenes the objectives that climate policy is supposed to achieve."

We do not have a climate policy in the United States. We have a huge scheme to enrich a small group of people who will control the exchanges for utterly bogus "carbon credits", nothing more than the right to emit carbon dioxide as the natural result of burning fuel for energy. It is not, however, such industrial and other uses that represents the largest emitter of carbon dioxide. The Earth itself is responsible for 95% of the CO2 in the atmosphere and that CO2 represents 3.618%.

By comparison, nuclear energy does not produce CO2 emissions and yet there hasn't been a new nuclear reactor built in the United States for some thirty years.

The same is true for the building of a single new oil refinery in America. Since it takes about a decade from start to finish on these huge engineering projects and a billion dollar investment, it would be 2020 before one was in full production if begun next year. The real question is, if you were an oil company CEO, would you invest that kind of money when the U.S. won't let you explore or extract oil on or offshore?

What no one is telling you is that CO2 does not "cause" global warming and there is no global warming. The Earth is actually in a natural cycle of cooling that began in 1998 and is anticipated to last at least two to three decades.

Europe's experience with "renewable" energy has been a disaster. Great Britain is facing blackouts that will make economic growth impossible and wreak havoc on the daily lives of the English. As with other European nations, it has driven up the cost of electricity.

The American energy consumer is being lied to and stolen from in the form of the cap-and-trade bill under consideration and other obstacles.

The nation as a whole is being put at risk for lack of access to our own vast energy reserves, coal, oil, and natural gas, as well as nuclear power that will be needed to reverse the present recession, unemployment, and the ability to grow our way back to prosperity.

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**Ian R. MacDonald: Prospects, prophecies on offshore drilling**
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Ian R. MacDonald
My View

This past Monday, Florida lawmakers conferred with experts under the co-sponsorship of the Tallahassee Democrat and Florida State University. The Florida Symposium on Offshore Energy — Part I: Oil and Gas considered the prospects of lifting the ban on exploration and drilling in Florida coastal waters. The Institute for Energy Systems, Economics and Sustainability at Florida State organized this forum.

The experts, speaking across many disciplines, were somewhat positive about possible benefits to Florida and that the offshore industry could be developed with acceptable impact. They were unanimous, however, in highlighting potential risks and uncertainties.

Risks to the environment can be mitigated by stringent regulation, vigilant monitoring and rigorous enforcement, the experts said. Martin Hovland, a marine geological specialist with energy company STATOIL in Norway, recounted the "Ten Oil Commandments" that the Norwegian government handed down in the late 1960s — before significant oil drilling began off that nation's coast. Is now the time for such a committee to lay down similar law in Florida?

In broad geological terms, Florida is quite different from other oil-producing regions in the Gulf of Mexico. Norman Guinasso Jr., an oceanographer from Texas A&M University, pointed out that only a few coastal oil or gas fields have been found off Florida. This should make one very cautious about predicting a 21st-century bonanza the moment the ban were lifted.

Technical limits are important as well. Kenneth J. Schaudt, a consulting engineer, illustrated the "exploration funnel" by which a theoretical 100 prospects are reduced to 10 drillable sites and finally to a single producing offshore field. The time scale for the funnel is years, if not decades.

The most valuable known energy reserves lie in federal waters beyond the 10.3-mile state limit. The U.S. Minerals Management Service conservatively predicts that their total produced value is $12 billion. Mark J. Kaiser, an engineer and expert on energy development from Louisiana State University, showed that Florida might obtain a share of the federal revenue from this production, which would accrue over several decades of production.

Fully 75 percent of the potential resource lies in the extreme depths of the outer continental slope. Expected returns decrease sharply approaching the coast. In this scenario, it is hard to see how the tiny coastal strip of state waters will come close to the revenue potential of the federal oil leases.

Unintended consequences apply. Donna R. Christie, a professor of law from Florida State, pointed out that the lifting of the ban on activity in state waters would effectively vacate the ban on similar activity in federal waters. Exactly this outcome is probably a strong motivator for at least some of the drilling proponents.

Kenneth Hendricks, an economist from the University of Texas, recounted the complex strategies of effective lease sales. In the high-stakes poker of oil and gas leasing, the state should be the dealer, not a player, he said. This requires knowledge and infrastructure that Florida simply does not have.

If so, it is possible that the proposed inside-out change in state coastal policy would have the consequence of concentrating exploration and production impacts in the most sensitive and visible region of the coasts — literally inside the horizon — and do so before Florida is really ready to manage the full range of activity.

An outside-in policy would alternatively lift the ban on federal activity while continuing to study the coastal region. This would produce modest revenue to finance needed research, policy formation and staffing while buying time for deliberate development.

The basis for safe and effective offshore energy management might be summarized in a few broad categories:

Knowledge: Florida needs to better understand the unique aspects of its coastal ecology and society, as well as the real value of its resources. The research should begin now and must include field studies and not just literature review.

Infrastructure: Dozens of state and local staffers would need to be hired, trained and housed, with vehicles and vessels to access their beat. The academic ships needed to do the research and perform the monitoring have declined woefully over the past decade and would need to be upgraded.

Policy: This includes transparent rules and procedures, opportunities for public input, vigilant monitoring and enforcement, accountable revenue streams, coastal planning, and strategic investment in emerging technologies such as renewable energy. The Florida Legislature is facing a very large task if it wants to follow the good examples of other energy-producing states.

People: Workers with training and skills will be needed at all levels of the emerging industry. Florida universities and trade schools need to step up with adequate resources and planning.

This foundation will not magically come into existence. It needs to be a deliberate, careful process sustained over adequate time. This approach is not an instant panacea for Florida's budget woes, but it would honor the tradition of coastal stewardship while making sustainable use of Florida resources for future generations.

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**COLUMN: The other side of offshore drilling — royalties, jobs, energy, and great fishing**
Walton Sun, November 6, 2009; http://www.waltonsun.com/news/jobs-3738-column-offshore.html

Al Swiercz

Although emotions and rhetoric are running high, it's a good time to at least consider the other side of the offshore drilling argument.

Allowing exploration beyond 15 miles from shore would not only protect the beauty of our beaches, but allow us to reap the benefits of offshore exploration, a great compromise.

(The reason fifteen miles is critical is that, due to the curvature of the earth, objects beyond that distance are generally not visible from shore.)

The last oil spill associated with drilling operations occurred more than 40 years (and 10,000 wells) ago, near Santa Barbara, Calif. Safety procedures and environmental restrictions are strongly enforced, and many sensitive areas such as Alaska or even Mobile Bay have discharge tolerances whereby even a bucket of rainwater can't be thrown overboard.

The second assurance that we'll never have oil or tar balls on our beaches is that seismic data apparently indicate that Florida's potential offshore reserves are deep, and likely to be natural gas, not oil. (Natural gas emits 30 percent less carbon dioxide than oil, and 50 percent less than coal when burned.)

Although most of the activity would occur in federal waters, Florida would still qualify to receive royalty payments under new Minerals Management Service guidelines, which could amount to billions of dollars flowing into Florida coffers.

High-tech jobs associated with exploration pay very well, and even "blue-collar" rig jobs pay upwards of $75,000 per year.

A 20-mile boat ride for local fishermen and their clients would deliver them to some of the best fishing in the Gulf of Mexico as offshore platforms quickly become artificial reefs and great fishing grounds.

By supporting offshore exploration, I can't offer you a chance to hold hands and then come back to my place for $5 cocktails as a local businessman has, but I can offer you royalties, jobs, clean energy, and great fishing — all without sacrificing our beautiful beaches.

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**GOP lawmakers urge Interior to continue streamlining permitting**
E&E Daily, November 6, 2009; http://www.eenews.net/EEDaily/2009/11/06/6

Noelle Straub

A group of House Republicans is urging the Interior Department not to back off its use of a provision to streamline oil and gas drilling applications on public lands, despite lawsuits from environmental groups.

Section 390 of the 2005 Energy Policy Act allows the Bureau of Land Management to approve certain oil and gas projects without preparing new environmental analyses that would normally be required by the National Environmental Policy Act.

Environmentalists have challenged in court some projects approved under the measure, saying BLM failed to analyze or consider environmental impacts to the areas.

GOP lawmakers sent a letter to Salazar yesterday calling categorical exclusions "a valuable tool provided by Congress to the land management agencies to improve the government process of approving energy production, while at the same time ensuring protection of the environment." House Natural Resources Committee ranking member Doc Hastings of Washington sent the letter along with Reps. Rob Bishop of Utah, Doug Lamborn of Colorado and Cynthia Lummis of Wyoming.

"We are deeply concerned about a common practice of the Departments of the Interior and Justice of settling lawsuits filed without forcefully defending authorized agency actions," they wrote. "We are worried that an out of court settlement by this Department would eliminate or severely limit the use of categorical exclusions and further prohibit the production of U.S. oil and natural gas."

A spokeswoman for the lawmakers said Interior is facing several challenges and is expected to settle one of them, possibly a lawsuit filed last year by environmentalists over a project in Utah. Three groups claim that BLM's approval of 25 gas wells in Utah's Nine Mile Canyon did not comply with environmental laws to assess impacts to the area and that Native American rock art would be harmed by drilling-related activity (Land Letter, Aug. 14, 2008).

The lawmakers also cautioned Interior not to overdo changes to its internal guidance on using the categorical exclusions. The Government Accountability Office in September recommended that Congress consider amending the 2005 law to clarify Section 390 and that BLM take steps to improve implementation of the provision by clarifying agency guidance, standardizing decision documents and boosting oversight. The Interior Department in September agreed with the recommendations and said it would take immediate steps to address the issue.

"While we support the department's efforts to develop new guidance to address the few issues of consistency identified by GAO in the use of these categorical exclusions, we are concerned the Department of the Interior is prepared to use a sledgehammer where a scalpel would suffice," the lawmakers wrote.

They added that BLM has been "cautious and overly conservative" in its use of categorical exclusions.

But critics say the provision allows BLM to exceed development levels analyzed in NEPA documents, such as the number of wells to be drilled, without doing further analysis.

An Interior spokeswoman said the department is reviewing the letter.

The GAO investigation found that the BLM illegally approved some oil and gas drilling applications on public lands from 2006 to 2008. BLM used categorical exclusions to approve more than a quarter of applications during those years -- about 6,100 of 22,000 -- and to modify hundreds of existing permits, GAO said. The agency's use of the measure has "frequently been out of compliance" with both the law and BLM's own guidance and may have thwarted NEPA, it said.

GAO found several types of violations of the law, including approving more than one oil or gas well under a single decision document, approving projects that did not meet the law's criteria, and drilling a new well after deadlines had lapsed.

Fundamental questions about what the Section 390 categorical exclusions are, and how they should be used, have led to concerns that BLM may be using them in too many -- or too few -- instances, GAO found. There also is disagreement over whether BLM must screen them for extraordinary circumstances that would prevent their use, whether their use is mandatory and how the public can challenge their use, the report said (E&ENews PM, Sept. 16).

House Natural Resources Chairman Nick Rahall (D-W.Va.) has introduced legislation (H.R. 3534) to overhaul the federal royalty system that contains a provision to repeal Section 390.

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**Ruling could mean delay for Cape Wind project**
Cape Cod Times, November 5, 2009;
http://www.capecodonline.com/apps/pbcs.dll/article?AID=/20091105/NEWS11/911059965

By Patrick Cassidy

A decision on whether to list Nantucket Sound on the National Register of Historic Places is now in the hands of the National Park Service.

In a letter sent to the U.S. Minerals Management Service today, Massachusetts Historical Commission executive director Brona Simon stated that she disagreed with the federal agency's finding that the Sound was not eligible for the listing.

A ruling by the National Park Service to list the Sound as traditional cultural property would not automatically kill the proposal by Cape Wind Associates, LLC, to build 130 wind turbines there, but could lead to significant delays in the project's construction.

The decision delays any decision by the Interior Department on the proposed Nantucket Sound wind farm by at least 45 days and potentially much longer.

Because of the difference of opinion on the listing between the federal and state governments, Minerals Management Service must now seek a formal declaration of eligibility from the National Park Service.

In a 21-page opinion attached to Brona's letter, state historic officials outline archeological, historic and ethnographic data that they say supports the contentions of the Mashpee Wampanoag and the Wampanoag Tribe of Gayhead (Aquinnah) that the Sound should be listed as a traditional cultural property.

“The identity and culture of the indigenous Wampanoag are inextricably linked to Nantucket Sound,” the opinion states. “The long archeological and historical record of dependence upon marine resources and the ocean setting are well documented, with many illustrative historical and contemporary examples of the specific use of Nantucket Sound by the Wampanoag.”

Minerals Management Service released a largely favorable environmental report in January that found minor or negligible impacts from the proposed wind farm.

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**EPW Dems end-run boycotting GOP, vote 11-1 for emissions bill**
Greenwire, November 5, 2009; http://www.eenews.net/Greenwire/2009/11/05/1

Darren Samuelsohn

Senate Environment and Public Works Committee Democrats quashed a three-day-long Republican boycott and passed global warming legislation today using a procedural move that could undermine support from moderate senators if the bill reaches the floor.

Chairwoman Barbara Boxer (D-Calif.) and 10 Democrats signed off on the climate bill -- without considering amendments -- after trying without success to wait out Republicans.

Montana's Max Baucus was the lone Democrat to vote against the legislation, saying he was unable to get his concerns addressed in amendments. He favors easing the measure's 2020 emission limits. Baucus explained that he still wanted to help the bill win 60 votes on the floor, and he expected to play a large role going forward as chairman of the Finance Committee and as a senior member of the Agriculture panel.

"This is a first step," Baucus told reporters. "There will be many other steps."

Ranking Republican James Inhofe of Oklahoma appeared only briefly at the start of the business meeting to implore Democrats not to use what he has dubbed the "nuclear option," which bypassed participation from Republicans. Inhofe said committee Republicans are standing firm in their belief that U.S. EPA should conduct a more thorough economic analysis of the bill before a committee vote.

"In the history of this, we've not been able to find a time when a bill has been marked up without minority participation," Inhofe said.

Boxer and her Democratic allies insisted that EPA had already done enough economic analysis to give lawmakers adequate information and that additional study now would waste taxpayer money -- an estimated $140,000 -- if they granted the Republican request. The chairwoman also defended her first-ever use of a committee rule that allows the majority to approve a bill even without a quorum of two minority members.

"That's why they wrote it," Boxer said of the rule. "Otherwise, the whole Senate can come to a screeching halt."

Boxer's move was criticized by several moderate Republicans, including Lindsey Graham of South Carolina, Judd Gregg of New Hampshire, Lisa Murkowski of Alaska, Richard Lugar of Indiana, and Susan Collins and Olympia Snowe of Maine -- all of whom are seen as critical to reaching 60 votes. They signed letters this week urging EPA to complete its analysis before the EPW panel moved forward.

"The members of the EPW Committee have got to make decisions on the bill that's before them," Collins said yesterday in an interview. "And to require them to make decisions on incomplete information strikes me as foolhardy and as foreclosing any possibility of Republican support. I don't know why you'd want to do that."

Senate Democrats countered that the moderate Republicans would come back to the negotiation table once the bitterness of the EPW Committee boycott subsides and EPA follows through with a request from Majority Leader Harry Reid (D-Nev.) to conduct a five-week study of the entire proposal that reaches the floor.

"I think the senators you have mentioned will look to substance, rather than form," said Sen. Arlen Specter (D-Pa.), who left the Republican Party earlier this year. "And there will be that EPA analysis at a later time. This bill is going to be changed markedly, when you move down the road. So they will get substantively what they want."

Specter bemoaned his inability to offer amendments addressing his home state's steel, coal and refining industries. But he said it was more important to pass the climate bill out of committee now, given the international spotlight on the Obama administration's role during a major U.N. conference Dec. 7-18 in Copenhagen, Denmark.

"Copenhagen is very important symbolically," Specter said. "And Copenhagen would have been more impressed had we moved further. But Copenhagen will be impressed at least that we have the resoluteness to move ahead now."

Sen. Tom Carper (D-Del.) missed the morning vote because of a longstanding commitment but explained that he would have supported the legislation, prompting Boxer to reopen the record and put him down as an "aye."

"I came here to work with people across the aisle, not this nonsense," Carper said, adding that he would try to include language during further negotiations that cap conventional air pollutant emissions, including nitrogen oxides, sulfur dioxides and mercury.

Tough work ahead

Reid, who is expected to play a larger role in the climate and energy bill as the debate spills into 2010, hailed the EPW Committee's passage of the measure.

"The committee's action today is a critically important step toward crafting a good strong clean energy and climate bill," Reid said in a statement. "There is much more work yet to do to obtain broad support for bipartisan legislation that can quickly put our nation on a path of reducing emissions cost-effectively and creating jobs and a cleaner more secure future."

In all, six committees are planning to weigh in on their pieces of the proposal, with Reid planning in the next week or so to meet with committee leaders. Also, Sens. John Kerry (D-Mass.), Graham and Joe Lieberman (I-Conn.) are working with the Obama administration and senators who do not sit on any of the relevant committees in a bid to find 60 votes.

Their work won't be easy. Even Sen. John McCain (R-Ariz.), a longtime supporter of climate legislation, said yesterday that he is resistant to any proposal that does not sufficiently tackle an expansion of nuclear power. And the 2008 Republican presidential nominee warned sponsors not to include language that imposes trade barriers on developing countries if they do not do enough on global warming, a must-have for many senators from states with large manufacturing bases.

McCain also shrugged off the suggestion that Graham and Lieberman, two of his closest Senate allies, would be negotiating with his best interests in mind.

"It doesn't matter to me whether they do or not," McCain said. "I have the ability to make my own priorities understood."

Republican opposition on the EPW Committee had a useful link to Senate leadership, with Lamar Alexander of Tennessee serving as the party's conference chairman. Don Stewart, a spokesman for Senate Minority Leader Mitch McConnell (R-Ky.), took a swipe at Democrats for proceeding without Baucus.

"It's pretty clear that there was bipartisan opposition to this partisan vote," Stewart said.

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**The Crude Truth About Oil Reserves**
WSJ, November 4, 2009;
http://online.wsj.com/article/SB10001424052748704107204574470700973579402.html?mod=googlenews_wsj

The coming century will overflow with petroleum.

By LEONARDO MAUGERI

It offends conventional wisdom. It will also seem nasty to the doom-sayers, who for decades have predicted an oil scarcity that never came. But the 21st century is very likely to overflow with oil. There are at least three main reasons for this.

First, oil reserves are finite. This is incontrovertible. But even so, no one knows how finite they are. And since we don't know the total amount of oil resources existing underground, it's impossible to calculate the curve of future supply.

The inadequate data we rely on today are from the U.S. Geological Survey, and put the stock of conventional oil resources at least seven to eight trillion barrels. More than two trillion of these are currently deemed to be recoverable, while "proven" reserves are around 1.2 trillion barrels. (The world consumes around 30 billion barrels of oil per year.)

Unconventional oil resources (including ultra-heavy oils, tar sands, shale oils, etc.) may equal the amount of conventional ones, thus doubling the overall figure.

Yet, the concept of resources and reserves is dynamic. Throughout history, new exploration and the development of new technologies have allowed to discover new oil frontiers and to develop them. What's more, the U.S. Geological Survey's figures may well be underestimated. In spite of the one trillion barrels of oil that we have already consumed, the total available reserves continue to grow.

Second, new technologies allow us to extract much more oil than initially assumed. Today, we recover on average less than 35% of the oil contained in known fields, up from 20% in 1980. Even the most mature oil country, the United States, still holds huge volumes of unexploited oil underground. Although the country's proven oil reserves are now only 29 billion barrels, the National Petroleum Council (NPC) estimates that 1.124 trillion barrels are still left underground, of which 374 billion would be recoverable with current technologies.

Actually, there already are technologies that allow to recover much more oil from the ground. Generally known as enhanced oil recovery (EOR) technologies, they entail injecting an oil reservoir with chemicals, heat, steam, heavy gases such as carbon dioxide and nitrogen, and more. Studies and pilot projects are under way using microbes and magnetic forces as well.

The problem with EOR is that it's not cheap. And because for most of the 20th century, oil has been cheap, EOR technologies were considered uneconomical—so they have been rarely used. But where they have been used, the results have been astonishing, leading to the revival of many oil fields that had been considered exhausted. One of the most famous cases is the Kern River field in California. Discovered in 1899, it had produced around 40 million barrels of oil as of 1942. At that time, it was thought that it only had 20 million barrels of additional oil left. Yet, revived through steam injection, the Kern River field had produced two billion barrels as of 2007, and still holds more than 600 million barrels.

Third, only one third of our planet has been sufficiently explored for discovery of new oil deposits. Once again, this is because it was not economical or technically feasible to undertake big and sophisticated exploration campaigns when oil was abundant and cheap, as it was for most of the past century.

What's more, oil exploration has been mainly a North American phenomenon, with the U.S. and Canada accounting for around 90% of all oil-exploration wells ever drilled on the planet. This fact is startling but not well-known. In Saudi Arabia, for example, only about 300 exploration wells have been drilled since the beginning of the oil age in the Kingdom, compared to several hundred thousand in the United States. The contrast is even more striking with respect to Iran, Iraq, and many other large oil countries. Blessed with big oil discoveries in the first half of the 20th century, most big producers simply didn't need to take on extensive exploration or develop sophisticated technologies.

But when new exploration technologies do take root, the results are remarkable. In the past few years, the industry has succeeded in striking oil at depths below 10,000 feet of water and 20,000 feet below the seabed—as in the Gulf of Mexico and the Brazilian offshore. Moreover, new technologies have enabled geologists to see what lies beneath layers of underground salt, which are unevenly distributed beneath the seabed and sometimes thicker than 15,000 feet. The removal of this obstacle is leading to several major ultra-deep offshore discoveries. Fifteen years ago, all this was simply unthinkable.

Technology, thus, is key to discovering and recovering oil from underground. To better grasp this notion, the reader must recall one thing: Contrary to common belief, oil is not held in great underground lakes or caves. Unfortunately, it's imprisoned in a rocky structure, in which there seems to be no room for oil. But beyond the reach of the human eye, a world of often-invisible pores and micro-fractures entrap minuscule droplets of oil, like pumice entraps water. All this makes oil exploration and production so complex, challenging, and often highly expensive.

But a new era is coming, and not only because oil prices are historically high (at $50 per barrel, most EOR technologies become profitable). Other more important factors are at work as well.

To start with, many of the largest oil basins in the world are approaching what I call technological maturity—they are reaching their production limits using conventional technology. This istrue of fields from the Persian Gulf countries to Mexico, Venezuela and Russia. In order to maintain their production in the future, new technologies will be required in these fields.

The second factor is the limited access to oil resources for Western oil companies. Today, more than 90% of the world's oil is under the direct control of producing countries through their national oil companies. The current wave of resource nationalism can only worsen this situation, because several important producers are already able to manage the development of their "easy" oil on their own. Recovering more oil from mature oil fields and discovering it in new, daunting frontiers is the only way to open up new growth opportunities in an otherwise shrinking world for Western oil companies.

Critics may argue that there may actually be plenty of oil left underground, but "easy" and cheap oil is gone forever. This view is partially true. But it is also true that today's difficult oil will turn into tomorrow's easy oil, thanks to cost reductions due to large-scale application of currently expensive technologies. In the 1970s, North Sea oil was considered among the most difficult and expensive oil on our planet. But a decade after initial production had begun, the cost of extracting it had been cut in half.

For these reasons, I dare to make a prediction. By 2030, more than 50% of the known oil will be recoverable. At the same time, the amount of known oil will have significantly grown by then, and a larger portion of unconventional oils will be commonly produced, bringing the total amount of recoverable oil reserves to something between 4.5-5 trillion barrels. What's more, a significant part of "new" reserves will come from the ability to better exploit what we already have.

By 2030 we will have consumed another 650-700 billion of our reserves. Added to the oil burned so far, this implies a reduction of around 1.6 trillion barrels from the 4.5-5 trillion figure. Yet, if my estimates are correct, we will have plenty of oil for the 21st century.

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**Report challenges feds to eliminate barriers to saving the coast**
Houma Today, November 4, 2009; http://www.houmatoday.com/article/20091104/HURBLOG/911049906

HOUMA -- A coalition of state, industry and national environmental leaders released a report today calling on Washington to remove bureaucratic roadblocks to Louisiana's coastal restoration and protection agenda.

America's Energy Coast, a coalition of leaders from oil-producing Gulf states including Texas, Louisiana, Mississippi and Alabama, met in Washington Wednesday to release their report, "Region at Risk: Preventing the Loss of Vital National Assets."

The report describes the significance of the Gulf Coast to the nation, identifies major threats facing the region and outlines steps that must be taken to protect and restore this invaluable landscape.

Download a PDF of the report online at www.americasenergycoast.org.

America's Energy Coast is a campaign started by America's Wetland, which aims to raise awareness about Louisiana's disappearing coast.

Texas, Louisiana, Mississippi and Alabama provide 90 percent of the nation's domestic offshore oil and gas supply and is tied to 50 percent of the nation's total refining capacity, yet the erosion of shoreline, barrier islands and wetlands across the region poses an immediate risk to millions of people, marine and animal species and significant economic interests, the report states.

"We cannot afford to ignore the economic and environmental calamity that is looming with the ongoing deterioration of America's energy coast," said U.S. Sen. Mary Landrieu, D-La. "Billions of dollars worth of property and infrastructure and a vast ecosystem are at stake."

One of the major obstacles identified in the report and discussed at length with officials during the Wednesday forum is the Coastal Impact Assistance Program, which provides offshore revenue to pay for coastal projects. Money promised to pay off coastal projects has come slowly, and the federal program lacks efficiency and effectiveness, officials said.

Congress authorized the program in 2005 and directed the federal Minerals Management Service to distribute $250 million a year among six energy-producing coastal states to mitigate the impacts of offshore oil and gas production activities.

Of the $1 billion that's now available to Texas, Louisiana, Mississippi, Alabama, Alaska and California, less than $100 million has been disbursed to date.

The state has also called for the federal government to streamline its coastal project process.

"While the US Army Corps of Engineers takes about 40 years on average to complete a project, we don't have 40 years," said Garret Graves, Executive Director of the Louisiana Governor's Office of Coastal Activities. "Since the 1930's Louisiana has lost more than 2,300 square miles of wetlands. To think that this nation has a 'no net loss of wetlands' policy while this massive ecosystem collapse continues to occur unabated is extraordinary."

As the epicenter of energy and environmental issues, the Gulf Coast region is crucial to shipping, oil and gas development, refining and transportation, fisheries and flyways.

The Gulf Coast contributes 90 percent of America's offshore energy production, 30 percent of the nation's overall oil and gas supply, and 30 percent of its seafood in the lower 48 states.

In addition, the Mississippi River and the coastal marshes are habitat for millions of migratory songbirds and waterfowl.

Ten of the nation's top 14 ports are in these four states, with most of the nation's grain shipped down the Mississippi River and distributed worldwide from the Gulf Coast.

The Mississippi River is the trunk of a 14,500-mile navigation system. The Gulf Intracoastal Water Way is a 15,000-mile system.

**Statoil Sells U.S. Oil Interest to Chinese Company**
NYT, November 4, 2009; http://dealbook.blogs.nytimes.com/2009/11/04/statoil-sells-us-oil-interest-to-chinese-company/

Cyrus Sanati

Statoil, the Norwegian energy giant, said Wednesday that it had sold a partial interest in some of its American energy development leases to the China National Offshore Oil Corporation, known as Cnooc. It is the first time that a Chinese company would take an ownership interest in energy assets in the United States.

The deal could open the way for more Chinese investment in American oil fields if the United States government approves the deal.

Statoil, through its American-based subsidiary, is a major player in the Gulf of Mexico, winning many leases over the years from the United States government to explore and develop the region.

Energy companies seldom develop a lease alone and usually form partnerships with others to share the risks. So when time came to develop four of its leases in the region, which Statoil acquired from the United States government in 2007 and 2008, the company solicited bids from rivals.

Cnooc, the Chinese state-controlled offshore oil conglomerate, apparently outbid several major oil companies, winning the partial interest in the fields, according to people close to the situation.

The deal was struck on Thursday, according to a presentation of Statoil's third-quarter financial results on Wednesday. Cnooc will now gain a 20 percent stake in the Tucker energy lease and 10 percent stakes in the Cobra, Krakatoa and Logan leases, a Statoil spokesman told DealBook. Further details on the deal, including the price Cnooc paid for the interest, were not disclosed.

The interest that Cnooc is acquiring is quite small, but it is significant because a Chinese state-owned company would own it. Only four years ago, Cnooc's $18.5 billion bid for the American oil company Unocal collapsed under pressure from Congress amid concerns about American oil assets falling under the control of the Chinese government. Since then, the Chinese have been wary of bidding on American energy assets and have concentrated their investments on undeveloped fields in Africa, the Middle East, South America and at home.

The deal needs to be approved by the Minerals Management Service, which controls American oil leases. A spokeswoman for the service told DealBook that it had no record of Statoil's applying for a lease transfer to Cnooc. Furthermore, the service said it could not transfer a lease to a company that had not been approved to do business in the Gulf of Mexico.

To be approved to do business, a company must be incorporated in the United States. That means Cnooc would need to create an American subsidiary and be approved by the Minerals Management Service before the transfer would be considered.

Despite the obvious hurdles, a Statoil spokesman told DealBook that his company had "no concerns" about the chances of government approval.

The deal may be just small enough to gain approval. The failure of the Unocal deal may now be seen as a Chinese effort to acquire too much too fast. If the Statoil deal goes through, the Chinese may now try to gain a foothold in the American energy infrastructure by slowly building up their presence through similar lease-sharing agreements.

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**MacDonnell's election may influence 2011 OCS lease sale**
Oil and Gas Journal, November 4, 2009; http://www.ogj.com/index/blogs/washington-pulse/blogs/OGJ/washington-pulse/post987_5129379466232882867.html

Nick Snow

Virginia voters probably had other reasons when they elected Republican Robert F. MacDonnell as their state's 71st governor on Nov. 3. But their choice could influence whether the US Minerals Management Service holds a scheduled federal offshore oil and gas lease sale off the Old Dominion's coast in 2011.

Democrat Timothy M. Kaine, the state's current governor, asked US Interior Secretary Ken Salazar to postpone the lease sale on Feb. 19. MMS put it into the 2007-12 five-year Outer Continental Shelf plan after Kaine signed a comprehensive statewide energy plan into law early in his term.

But the governor said in his letter to Salazar that the law supports "federal efforts to determine the extent of natural gas resources 50 miles or more off the Atlantic shoreline, including appropriate federal funding for such an investigation. Our policies do not support exploration for oil or production of gas or oil, which would be allowed under Lease Sale 220."

Kaine applauded Salazar's decision to extend the public comment period by 180 days for a proposed five-year OCS plan which then-secretary Dirk A. Kempthorne launched at the end of July in response to record high crude oil prices. "As I understand it, that five-year plan includes three areas off the Atlantic Coast. I have consistently called for [MMS] to consider the Atlantic Coast as a whole, rather than singling out a particular state for a lease sale," the governor told Salazar.

"I believe that no lease sale should be conducted in the Atlantic until the process that you have outlined for the five-year program is complete. During that time, I look forward to Virginia being able to continue a dialogue with MMS as we address the challenging issues related to production of offshore energy resources," he continued.

During his election campaign this year, however, MacDonnell emphasized jobs creation and said in at least one television commercial that a key would be building robust energy industries in the state using all technologies and drawing from all sources, including offshore. It's too soon to say whether he'll formally notify Salazar, but the apparent implication is that he prefers having the lease sale move forward.

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**Climate Plan Progresses Behind Closed Doors**
CQ Today, November 3, 2009;
http://www.cq.com/document/display.do?dockey=/cqonline/prod/data/docs/html/news/111/news111-000003238651.html@allnews&metapub=CQ-NEWS&searchIndex=0&seqNum=1

By Coral Davenport

Even as a partisan stalemate has stalled a Senate panel's markup of climate change legislation, behind-the-scenes efforts to engineer a bipartisan compromise are advancing, with negotiators scheduled to meet Wednesday to plot strategy with Cabinet secretaries and White House officials.

The partnership of Massachusetts Democrat John Kerry and South Carolina Republican Lindsey Graham, who are trying to write a broader climate bill that can win Republican votes in the Senate, was boosted Tuesday with a cautious endorsement by the U.S. Chamber of Commerce.

The business group has led opposition to legislative proposals to address global warming, including a bill (HR 2454) that the House passed in June. As recently as August, the chamber filed a petition questioning the scientific basis of an EPA finding that global warming endangers public health. In recent weeks, its stance on climate change has led several large corporations, including Apple and Pacific Gas & Electric, to quit the organization and Nike to resign its seat on the group's board.

But in a letter released Tuesday, the chamber described the framework that Kerry and Graham laid out for negotiation as "positive, practical and realistic."

Senate Environment and Public Works Chairwoman Barbara Boxer, D-Calif., called the chamber's letter a game-changer.

"I think this is a breakthrough the likes of which we've never seen," she said.

Committee Impasse
The tentative progress that Kerry and Graham appear to be making in their closed-door talks contrasts sharply with the impasse that has delayed the Senate's first public efforts this year to legislate on climate change.

The Republican minority on the Environment and Public Works Committee, led by James M. Inhofe of Oklahoma, is boycotting a planned markup of Senate legislation (S 1733) that would cap emissions of gases that contribute to global warming and allow polluters to trade government-issued emissions allowances.

Boxer planned to preside Wednesday over the second day of her scheduled markup, hoping Republicans would return to the table. The panel's rules do not allow members to mark up or amend legislation unless at least two Republicans are present and voting, according to aides.

Broader Senate rules do allow a committee chairman to report a piece of legislation out with a simple majority, although the bill cannot be amended. Boxer has indicated that she may try to push the bill through with a simple majority and no amendments if Republicans continue their boycott — an outcome that Inhofe called a "nuclear option."

Republicans say they need to see a complete, thorough EPA analysis of the bill's costs before they participate in a markup.

That, the EPA has said, could take as long as five weeks. Committee Democrats — hoping to show progress on a bill before the Dec. 7 start of a United Nations climate conference in Copenhagen —accused Republicans of stalling.

Boxer contended that there has been more than enough analysis of the legislation. The EPA, the Congressional Budget Office and the Energy Information Administration have all produced lengthy cost analyses of the House-passed climate bill (HR 2454) that Boxer called "90 percent the same" as the Senate bill. The EPA has produced a 29-page preliminary analysis, concluding that, as the Senate bill is largely similar to the House bill, a longer analysis would yield a similar estimate that the legislation would cost American households an average of about $100 to $175 per year.

One committee Republican, George V. Voinovich of Ohio, appeared at the committee meeting Tuesday to appeal for a delay until the EPA completes a more thorough analysis.

Viewed as a potential swing vote, Voinovich has said he is convinced that human-produced greenhouse gases cause harmful global warming. He supports some form of legislation to curb carbon emissions.

"This is not a stalling tactic," he told colleagues, adding that he has a genuine desire to work across the aisle on a global warming solution before he retires from the Senate after the midterm elections. "It is not a ruse to delay marking up a climate bill. This is an attempt to get the best information about a bill that will affect the entire country."

Boxer and other committee Democrats were not convinced.

'Trust but Verify'?
"If you try to trust but verify, this doesn't make sense," said Sheldon Whitehouse, D-R.I. "We are very close to a completely accurate estimate. People might say, 'Why not wait?' Because as soon as you amend it, you change it again. What are they going to do, wait five weeks to analyze each amendment?"

Boxer declined to spell out how long she would wait for Republicans to come back or what she expected Wednesday if they do not show up.

"If they don't come, I'll do one thing," she said. "And if they do come — and I think some of them may come — I'll do another."

Inhofe said reporting a bill out of committee without a bipartisan markup would "destroy the integrity of the committee system."

"And it will come back to haunt them," he added.

Other Republicans, including moderates whose votes will be needed for a bill to pass the Senate, agreed that the move would damage prospects for cooperation.

"I think it starts the deliberations off on an unfortunate note that makes it harder for people to produce a bill that would have bipartisan support," said Maine Republican Susan Collins, another potential swing vote.

No Chance for Amendments
Reporting a bill out without GOP participation would also deny committee Democrats the chance to offer any of the more than 80 amendments they have filed. It is possible that some of those Democrats would have concerns about supporting a bill without the changes they seek.

Key among those could be Montana Democrat Max Baucus, a moderate who is uneasy that the legislation could harm his home state's coal industry. Baucus will wield tremendous influence over the bill as chairman of the Finance Committee, which has jurisdiction over several core provisions.

No matter what happens in committee, Senate Democratic leaders have already made it clear that the legislation that eventually comes to the floor will be vastly different from the version Boxer hopes to mark up.

Five other committees have jurisdiction over slices of the legislation, and Majority Leader Harry Reid, D-Nev., expects to merge their work into a final product designed to attract a filibuster-proof 60-vote majority.

Kerry and Graham have laid out what they describe as a foundation for that final product, which would include incentives for more nuclear power and offshore drilling to attract Republicans and funding for carbon sequestration technology to attract coal-state Democrats.

The senators will discuss their outline Wednesday with Energy Secretary Steven Chu, Interior Secretary Ken Salazar, White House climate adviser Carol Browner and a handful of other senators. Kerry would not identify the lawmakers he is working with, calling the talks "private discussions for now."

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**New leasing plan will start before current program ends -- MMS chief**
E&E News PM, November 3, 2009; http://www.eenews.net/eenewspm/2009/11/03/6

Ben Geman

The federal government's next offshore leasing plan will take effect before the current 2007-2012 program ends, the director of the Minerals Management Service said today.

MMS, which is part of the Interior Department, is reviewing scores of comments received on a Bush-era draft plan that would greatly expand offshore leasing, including multiple sales off the Atlantic and Pacific coasts.

The draft, floated in the final days of the prior administration, would run from 2010 to 2015, supplanting part of the current program. Interior Secretary Ken Salazar is unlikely to back that proposal.

However, he is using the process to create a new federal waters leasing program, MMS Director Liz Birnbaum said in an interview.

"I think the secretary sees an opportunity to take the public comments, take the input we have and move forward on developing his own ... five-year plan," she said. Birnbaum said Salazar would try and develop a plan "as promptly as he can" but did not provide a timeline.

"It would certainly take effect before the end of the current five-year plan, but I can't say when," Birnbaum said. MMS, which oversees offshore leasing, received a half-million comments and is in the process of finalizing a staff report to Salazar on the input, she said. The comment period closed in September.

Birnbaum is steering MMS at a time of several changes, including efforts to launch offshore wind power and phasing out the trouble-plagued royalty-in-kind program.

Birnbaum, echoing recent comments by Salazar, said the agency hopes to make a decision on the proposed Cape Wind project off the Massachusetts coast by the end of the year.

More broadly, she touted agency efforts to move ahead with offshore wind power, calling it an exciting initiative that can boost the economy and clean energy development. She cited recent MMS meetings with officials in Delaware and upcoming meetings with other Atlantic states in the coming weeks.

The agency has already offered several limited leases for data gathering off the coasts of Delaware and New Jersey, and has also begun accepting applications for commercial wind leases.

Overall, she said, the Obama administration wants to "stand up" the offshore wind industry during the first year of President Obama's term. "I think we are on track to get there," she said.

On another matter, she said MMS is consulting with the Justice Department over the implications of a major appellate decision that could prevent the agency from collecting billions of dollars in royalty payments from offshore oil and gas producers.

The Supreme Court last month declined to accept the administration's petition to review the 5th U.S. Circuit Court of Appeals' decision in Kerr-McGee Oil & Gas Corp. v. U.S. Department of the Interior.

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**Academics Dig Into Offshore Drilling Debate**
Jacksonville Observer, November 3, 2009; http://www.jaxobserver.com/2009/11/03/academics-dig-into-drilling-debate/

Opponents and supporters of the controversial offshore drilling proposal that is shaping up to be one of Legislature's big fights next session have been talking about the plan at every turn lately – and influential lawmakers have been listening – but Monday the academic community dug into the hot topic in the effort to provide an "honest broker" in the debate.

The Florida State University Institute for Energy Systems, Economics and Sustainability hosted a symposium on offshore energy, focusing on oil and gas. It's expected to be the first part of two such gatherings, with a January meeting scheduled to focus on alternative energy.

Panelists drawn from the oil and gas industry, state and federal regulatory agencies, and from public and private research programs discussed energy resources and development, the economics of the issue, environmental issues, and the technology of oil and gas drilling.

In a sharp contrast from the black and white certitude on both hardening sides of the drilling debate – supporters say drilling will immediately improve gas prices, opponents say it will hardly make a dent – the scholars gathered in Tallahassee sat comfortably in the murky gray area.

"There may be oil and gas, but it may be uneconomical in the present circumstances to produce it," FSU oceanography professor Ian MacDonald told reporters after speaking on a panel titled "Technical and Environmental Challenges." "There are always more unknowns than knows."

But in news likely to be cheered by supporters of the proposal, which emerged late in the 2009 session and appears to be gathering steam in advance of 2010, several of researchers that joined MacDonald on the panel said there are reasons to believe drilling would be fruitful.

"All I know is that off the Panhandle, you have production on shore and you have discoveries seaward of state waters," oceanographer Kenneth Schaudt told reporters. "I would assume… if you have it shoreward of the state waters and you have discovers seaward of state waters, they might be connected in between. That's a normal assumption."

Texas A&M University Ocean Sciences of the Geochemical and Environmental Research Group director Norman Guinasso Jr. agreed, saying "you could look at the maps that show the federal lease areas and you could see that all the dots stop at the eastern zone."

"The eastern zone is what's offshore of Florida," Guinasso said. "They all stop at that line and that's your state line way out there 200 miles offshore. You could think that those little green dots are pretty dense in the central region and there's no reason for them to stop at that line."

However, MacDonald warned that production in the rest of the Gulf of Mexico may be an imperfect predictor.

"The discoveries if they do occur in Florida waters will be different from what was found in Louisiana, Texas and Mexico," he said. "This is a different region, a carbonate platform without the major sedimentation that we see on

the central Gulf of Mexico and without the history of wildcat discoveries that categorized…the famous discoveries of Texas."

The researchers also discussed the safety risk presented by possible oil spills, which have long been raised by environmentalists as reason enough to leave the Florida coastline unexplored for oil.

"The number of accidents (in drilling internationally) has gone down dramatically," said University of Bergen in Norway geobiology adjunct professor Martin Hovland, who is also a consultant with Norwegian oil company Statoil. "Our last blowout was in 1985. We decided then to do a big study to prevent new accidents from happening and we've succeeded. We haven't had blowouts since then."

Guinasso agreed, saying "you see a gradual increase in the engineering level that goes into the design of these platforms and pipelines. They're designed to react well in hurricanes. They're design to not spill oil."

But MacDonald added that it would take more than just better technology to ensure that drilling did not cause damage to the environment.

"It's also enforcement," he said. "The standards have to be maintained at a high level and they have to be raised."

However, Schaudt said the unexpected could still happen in a hurricane-prone state like Florida.

"Hurricane Katrina immediately coming after Ivan was inconceivable," he said. "We measured 70 odd foot tall waves during Camille, and no one in my side of the business, which is predicting the design waves, thought we could have 90 plus foot waves in a hurricane."

Schaudt quickly added that the drilling industry has historically learned quickly from its mistakes.

"The early platform, people though the waves couldn't get much over 60 feet at the shelf break," he said. "That was common practice — it was state of the art 40 years ago. Conditions evolve, knowledge evolves."

Other panels at the FSU drilling symposium included "Economic Challenges" and "Law and Policy Changes." Panelists included Michael Celata, chief of resource studies for the U.S. Minerals Management Service, Gulf of Mexico region, and Mark Kaiser, a Louisiana State University professor and director of the research and development division for the school's Center for Energy Studies.

At the beginning of the symposium, FSU president T.K. Wetherell said the drilling issue was too important for the university to ignore.

"We believe it's one of the most important issues the state will have to deal with over the next year, not just from an economic standpoint, but simply from a policy standpoint of what the state needs to do," Wetherell said. "It's part of our obligation as a flagship graduate public research university to bring these issues to the fore."

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**America's Natural Gas Revolution**
WSJ, November 2, 2009;
http://online.wsj.com/article/SB10001424052748703399204574507440795971268.html?mod=googlenews_wsj

A 'shale gale' of unconventional and abundant U.S. gas is transforming the energy market.

By DANIEL YERGIN AND ROBERT INESON

The biggest energy innovation of the decade is natural gas—more specifically what is called "unconventional" natural gas. Some call it a revolution.

Yet the natural gas revolution has unfolded with no great fanfare, no grand opening ceremony, no ribbon cutting. It just crept up. In 1990, unconventional gas—from shales, coal-bed methane and so-called "tight" formations—was about 10% of total U.S. production. Today it is around 40%, and growing fast, with shale gas by far the biggest part.

The potential of this "shale gale" only really became clear around 2007. In Washington, D.C., the discovery has come later—only in the last few months. Yet it is already changing the national energy dialogue and overall energy outlook in the U.S.—and could change the global natural gas balance.

From the time of the California energy crisis at the beginning of this decade, it appeared that the U.S. was headed for an extended period of tight supplies, even shortages, of natural gas.

While gas has many favorable attributes—as a clean, relatively low-carbon fuel—abundance did not appear to be one of them. Prices had gone up, but increased drilling failed to bring forth additional supplies. The U.S., it seemed, was destined to become much more integrated into the global gas market, with increasing imports of liquefied natural gas (LNG).

But a few companies were trying to solve a perennial problem: how to liberate shale gas—the plentiful natural gas supplies locked away in the impermeable shale. The experimental lab was a sprawling area called the Barnett Shale in the environs of Fort Worth, Texas.

The companies were experimenting with two technologies. One was horizontal drilling. Instead of merely drilling straight down into the resource, horizontal wells go sideways after a certain depth, opening up a much larger area of the resource-bearing formation.

The other technology is known as hydraulic fracturing, or "fraccing." Here, the producer injects a mixture of water and sand at high pressure to create multiple fractures throughout the rock, liberating the trapped gas to flow into the well.

The critical but little-recognized breakthrough was early in this decade—finding a way to meld together these two increasingly complex technologies to finally crack the shale rock, and thus crack the code for a major new resource. It was not a single eureka moment, but rather the result of incremental experimentation and technical skill. The success freed the gas to flow in greater volumes and at a much lower unit cost than previously thought possible.

In the last few years, the revolution has spread into other shale plays, from Louisiana and Arkansas to Pennsylvania and New York State, and British Columbia as well.

The supply impact has been dramatic. In the lower 48, states thought to be in decline as a natural gas source, production surged an astonishing 15% from the beginning of 2007 to mid-2008. This increase is more than most other countries produce in total.

Equally dramatic is the effect on U.S. reserves. Proven reserves have risen to 245 trillion cubic feet (Tcf) in 2008 from 177 Tcf in 2000, despite having produced nearly 165 Tcf during those years. The recent increase in estimated U.S. gas reserves by the Potential Gas Committee, representing both academic and industry experts, is in itself equivalent to more than half of the total proved reserves of Qatar, the new LNG powerhouse. With more drilling experience, U.S. estimates are likely to rise dramatically in the next few years. At current levels of demand, the U.S. has about 90 years of proven and potential supply—a number that is bound to go up as more and more shale gas is found.

To have the resource base suddenly expand by this much is a game changer. But what is getting changed?

It transforms the debate over generating electricity. The U.S. electric power industry faces very big questions about fuel choice and what kind of new generating capacity to build. In the face of new climate regulations, the increased availability of gas will likely lead to more natural gas consumption in electric power because of gas's relatively lower $CO_2$ emissions. Natural gas power plants can also be built more quickly than coal-fired plants.

Some areas like Pennsylvania and New York, traditionally importers of the bulk of their energy from elsewhere, will instead become energy producers. It could also mean that more buses and truck fleets will be converted to natural gas. Energy-intensive manufacturing companies, which have been moving overseas in search of cheaper energy in order to remain globally competitive, may now stay home.

But these industrial users and the utilities with their long investment horizons—both of which have been whipsawed by recurrent cycles of shortage and surplus in natural gas over several decades—are inherently skeptical and will require further confirmation of a sustained shale gale before committing.

More abundant gas will have another, not so well recognized effect—facilitating renewable development. Sources like wind and solar are "intermittent." When the wind doesn't blow and the sun doesn't shine, something has to pick up the slack, and that something is likely to be natural-gas fired electric generation. This need will become more acute as the mandates for renewable electric power grow.

So far only one serious obstacle to development of shale resources across the U.S. has appeared—water. The most visible concern is the fear in some quarters that hydrocarbons or chemicals used in fracing might flow into aquifers that supply drinking water. However, in most instances, the gas-bearing and water-bearing layers are widely separated by thousands of vertical feet, as well as by rock, with the gas being much deeper.

Therefore, the hydraulic fracturing of gas shales is unlikely to contaminate drinking water. The risks of contamination from surface handling of wastes, common to all industrial processes, requires continued care. While fraccing uses a good deal of water, it is actually less water-intensive than many other types of energy production.

Unconventional natural gas has already had a global impact. With the U.S. market now oversupplied, and storage filled to the brim, there's been much less room for LNG. As a result more LNG is going into Europe, leading to lower spot prices and talk of modifying long-term contracts.

But is unconventional natural gas going to go global? Preliminary estimates suggest that shale gas resources around the world could be equivalent to or even greater than current proven natural gas reserves. Perhaps much greater. But here in the U.S., our independent oil and gas sector, open markets and private ownership of mineral rights facilitated development. Elsewhere development will require negotiations with governments, and potentially complex regulatory processes. Existing long-term contracts, common in much of the natural gas industry outside the U.S., could be another obstacle. Extensive new networks of pipelines and infrastructure will have to be built. And many parts of the world still have ample conventional gas to develop first.

Yet interest and activity are picking up smartly outside North America. A shale gas revolution in Europe and Asia would change the competitive dynamics of the globalized gas market, altering economic calculations and international politics.

This new innovation will take time to establish its global credentials. The U.S. is really only beginning to grapple with the significance. It may be half a decade before the strength of the unconventional gas revolution outside North America can be properly assessed. But what has begun as the shale gale in the U.S. could end up being an increasingly powerful wind that blows through the world economy.

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**Interior weighs GHG requirements for oil and gas leases**
E&E News PM, November 2, 2009; http://www.eenews.net/eenewspm/2009/11/02/3

Noelle Straub

The Interior Department is considering including emissions requirements in leases for companies that drill for oil and gas on federal property, Interior Deputy Secretary David Hayes said today.

"Typically the leases between the Interior Department and oil and gas developers have not focused on emissions, and there's some real opportunities there," Hayes said. "We're going to be reaching out to industry and looking at our leasing structure and seeing what opportunities we can provide. ... One way or another, we're going to tackle that issue."

Hayes added that Ned Farquhar, Interior deputy assistant secretary for land and minerals management, has been looking into "potential initiatives dealing with methane emissions, for example."

The move may tie into an executive order signed by President Obama last month requiring federal agencies to set 2020 emission-reduction targets for greenhouse gases, Hayes said. The order requires agencies to set targets within 90 days (E&ENews PM, Oct. 5).

"Part of that deals with a question of whether our lessees should also be counted and their emissions should be counted," Hayes said, adding that Interior officials are in discussions with the White House Council on Environmental Quality about that now.

"Whether we do it as part of that governmentwide initiative or our own initiative ... there's some great opportunities there for emissions reductions, and we'll be looking forward to working with our lessees toward that end," Hayes added.

Lee Fuller, vice president of government relations at the Independent Petroleum Association of America, said he had not heard of the initiative and was not sure of the scope of Interior's authority to include such provisions in a lease or an application for a permit to drill.

"I would think that the resource management plans that are devised for an area take the emissions implications into account as they develop them," Fuller said. "But ... it would certainly influence the leasing process if it became too burdensome."

Oil companies lose trillions of cubic feet of natural gas each year as inefficient producers burn or release gas and as old or faulty pipelines leak tons more.

A voluntary U.S. EPA program has had some success, and the Minerals Management Service has been pressed to clamp down on flaring by offshore platforms. But the Bureau of Land Management has no specific program to address the problem, and many see BLM forgoing millions of dollars in lost tax revenue by not requiring petroleum companies that operate on federal lands to capture and sell as much oil-field gas as possible (Greenwire, May 19).

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**Senate Republicans ignore Kerry-Boxer amendment deadline**
Greenwire, November 2, 2009; http://www.eenews.net/Greenwire/2009/11/02/2

Darren Samuelsohn

A partisan standoff over Senate climate legislation continued today when Republicans ignored a deadline for filing amendments to the global warming bill that is scheduled for markup this week in the Environment and Public Works Committee.

In response, Chairwoman Barbara Boxer (D-Calif.) urged the seven Republican members of the panel to rethink their plans to boycott the start of tomorrow's markup, while still holding onto the threat that she is free to advance the 959-page bill without them.

Committee Republicans say they won't participate in Boxer's markup until they get more information about the legislation's economic implications from U.S. EPA and the Congressional Budget Office.

"EPW Republicans still insist on a full EPA analysis," GOP committee spokesman Matt Dempsey said today. "As such, they won't be attending the markup. We believe this process to be rushed. As a result, at this point, if they proceed tomorrow, we won't be there."

As an alternative to the climate bill, Senate Republican Conference Chairman Lamar Alexander of Tennessee is planning to take the lead on a separate round of Republican hearings on energy issues, including the pursuit of 100 new nuclear power plants to be built over the next 20 years.

Meanwhile, Boxer today responded with her own press release that touts last week's legislative hearings on the climate bill, as well as a 38-page EPA study released in October. "No climate bill has ever had this level of review and the Obama Administration stands behind the EPA's analysis," she said.

The California Democrat also left herself some wiggle room as to when she would stop waiting for Republicans and just go ahead with a vote on the climate bill.

"We will give them the opportunity, as we proceed this week, to reconsider their decision," Boxer said. "We look forward to working with them if they decide to participate, but if they do not, we will move forward in accordance with the rules of the Senate and of this committee."

Boxer has decided she can proceed without Republicans under a rarely used interpretation of the committee's rules that allows her to start and finish the markup so long as a majority of the panel's members are present. Longstanding precedent requires two minority members to be in attendance, but Democrats hold a 12-7 advantage

on the EPW Committee, and Boxer plans to sidestep that history if Republicans chose not to participate (E&E Daily, Nov. 2).

Senate Republicans do plan to send one member to the markup tomorrow to outline the minority's grievances, but that's still one short of the quorum under the long-standing committee rules.

Boxer has not said how long she will wait before moving ahead with a vote on legislation. Also today, Democrats in the EPW Committee filed 80 amendments to the Boxer-led climate bill.

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**If Interior Department can't stop off-shore energy, NOAA has a backup plan**
Washington Examiner, November 2, 2009; http://www.washingtonexaminer.com/opinion/blogs/beltway-confidential/If-Interior-Department-cant-stop-off-shore-energy-NOAA-has-a-backup-plan-68327882.html

By: Mark Tapscott

Urban zoning in cities and suburbs divides land up into bite-size parcels and typically makes their use and development dependent upon securing approval from multiple levels of planning bureaucrats in government. But imagine if government tried to apply the same nghtmarish process to the ocean floor.

Sound outlandish? Don't bet on it. National Oceanic and Atmospheric Administration (NOAA) administrator Jane Lubchenco is working with the White House Council on Environmental Quality (CEQ) on just such a plan, according to WhatAboutAlaska.com. The plan would seek to impose on 1.76 bilion acres of the American Outer Continental Shelf (OCS) the same sort of block-by-block bureaucratic controls that environmentalists and others have used for years to stifle development on land.

Department of Interior Secretary Ken Salazar is clearly slow-walking his department's proposed five-year plan for developing the immense oil and natural gas resources under the OCS. So the NOAA/CEQ initiative might be seen as the backup plan for preventing off-shore drilling should the five-year plan somehow fail to throw sufficient obstacles to development.

The CEQ is headed by Obama appointee Nancy Sutley, a former Clinton administration appointee under EPA Administrator Carol Browner, who is now director of the White House Office of Energy and Climate Change Policy.

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**Top Obama admin officials to report on sweeping national policy**
E&E Daily, November 2, 2009; http://www.eenews.net/EEDaily/2009/11/02/7/

Allison Winter

Top Obama administration officials will give a progress report this week on their efforts to create a national ocean policy, a plan that could lead to a system of zoning in the sea.

A Senate Commerce subcommittee will check in on the ocean task force at a hearing Wednesday. National Oceanic and Atmospheric Administration chief Jane Lubchenco and other top officials from the White House Council on Environmental Quality, Interior Department and Coast Guard are expected to testify.

CEQ leads the multi-agency task force aimed at coordinating oceans policy. In September, the group issued an interim report with ideas for improving oceans protection (E&ENews PM, Sept. 17).

The recommendations set lofty goals to protect ocean resources and declared it the policy of the United States to protect the health and biological diversity of ocean resources and support "sustainable, safe, secure and productive" uses of the ocean. The report also details requirements for a new ocean council that would coordinate federal policy related to oceans issues.

The task force and its report all stemmed from a memo President Obama issued in June. He directed the group of two-dozen, top-level administration officials to draft a national ocean policy and develop a framework for marine planning by the end of the year.

The effort has ignited some opposition from lawmakers concerned that the oceans policy could curtail offshore energy development. A group of 69 House members sent a letter to CEQ Chairwoman Nancy Sutley last month, saying they fear the task force's proposals could inhibit offshore oil, gas and renewable energy development.

The 10 Democrats and 59 Republicans who signed the letter said the interim report did not give enough support to other priorities, like economic development of ocean resources and recreational use of waters.

The interim report includes a call for federal agencies to use ecosystems-based management and new marine spatial planning systems, or ocean "zoning," to assess projects at sea.

It also sets five areas of "special emphasis" for ocean conservation: climate change adaptation, regional ecosystem protection, water quality on land, and environmental stewardship in the Arctic and Great Lakes.

Marine experts have widely hailed the new ocean policy, calling it a historic, unprecedented effort from the White House on ocean conservation. But they say the administration will have to make a significant effort if it hopes to see some of the goals for ocean conservation come to fruition.

For their part, agency officials have been vague on how the new ocean policy could affect individual decisions like whether to approve offshore energy development.

Representatives from NOAA, the Interior Department and Defense Department have said the new ocean policy would not change their ongoing work to review permits for projects such as the Cape Wind proposal in Massachusetts.

But the changes could come later, according to Lubchenco. The process of siting and permitting similar projects in the future could take a very different approach after the task force creates recommendations for a "marine spatial planning" system that could essentially set up a system for zoning ocean resources.

The marine spatial planning framework -- which the task force will begin to put in motion by the end of the year -- will set parameters for how the federal government could approach ocean development at the ecosystem level, rather than just project by project in different isolated agencies.

Last week, the task force wrapped up the last of its public meetings to gain input on the ocean plan. The hearing in Cleveland focused on Great Lakes issues -- also part of the task force's purview. Previous public hearings were held in Anchorage; San Francisco; Providence, R.I.; New Orleans; and Hawaii.

Schedule: The hearing is Wednesday, Nov. 4, at 10 a.m. in 253 Russell.

Witnesses: The committee has not yet announced the witness list, but sources in the administration said NOAA Administrator Lubchenco will testify, as well as officials from the White House Council on Environmental Quality, the Interior Department and the Coast Guard.

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