

Week in News: January 18-24, 2010

NSB mayor still concerned with offshore oil

Alaska Dispatch, January 23, 2010; <http://www.alaskadispatch.com/voices/tundra-talk/3737-nsb-mayor-still-concerned-with-offshore-oil>

Public Comment Period on Cape Wind

Cape Cod Today, January 23, 2010; <http://www.capecodtoday.com/blogs/index.php/2010/01/23/public-comment-period-on-cape-wind?blog=53>

Tiaht Calls on Administration to Allow more Domestic Energy Production to Create Jobs, Energy Independence

El Dorado Times, January 22, 2010; <http://www.eldoradotimes.com/news/x231951119/Tiaht-Calls-on-Administration-to-Allow-more-Domestic-Energy-Production-to-Crete-Jobs-Energy-Independence>

Oil firm paid Calif. enviros to lobby for drilling

Greenwire, January 22, 2010; <http://www.eenews.net/Greenwire/2010/01/22/14>

Offshore drilling language poses problems for 'energy only' bill

E&E Daily, January 22, 2010; <http://www.eenews.net/EEDaily/2010/01/22/1>

Give it the gas

Houston Chronicle, January 21, 2010; <http://www.chron.com/disp/story.mpl/editorial/6829565.html>

Drill, baby, drill, says Alaska's Parnell

UPI.com, January 21, 2010; http://www.upi.com/Science_News/Resource-Wars/2010/01/21/Drill-baby-drill-says-Alaskas-Parnell/UPI-45141264090066/

Living with reality

Alaska Dispatch, January 20, 2010; <http://www.alaskadispatch.com/dispatches/rural-alaska/3703-living-with-reality>

Virginia shipyards back offshore wind initiative

Marine Log, January 20, 2010; <http://www.marinelog.com/DOCS/NEWSMMIX/2010jan00201.html>

Enviro, native groups sue over Chukchi plan

E&E News PM, January 20, 2010; <http://www.eenews.net/eenewspm/2010/01/20/7>

After 40 years in the desert, could this be the year Congress authorizes NOAA?

E&E News Daily, January 20, 2010; <http://www.eenews.net/EEDaily/2010/01/20/3>

Military Leaders Conclude No Harm to Training by Gulf Oil Exploration

PR Newswire, January 19, 2010; <http://www.prnewswire.com/news-releases/military-leaders-conclude-no-harm-to-training-by-gulf-oil-exploration-82088822.html>

New Science Rules for Offshore Drilling Send Mixed Message

PEER, January 19, 2010; http://www.peer.org/news/news_id.php?row_id=1291

Climate is dead, but energy bill lives – Dorgan

Greenwire, January 19, 2010; <http://www.eenews.net/Greenwire/2010/01/19/2/>

Dorgan, Military Officials to Release Pro-Drilling

The Jacksonville Observer, January 19, 2010; <http://www.jaxobserver.com/2010/01/19/dorgan-military-officials-to-release-pro-drilling/>

Mcdonnell Wants State To Be First To Drill Offshore For Oil, Natural Gas

WSLS 10, January 18, 2010;
http://www2.wsls.com/sls/ap_exchange/virginia_news/article/McdonnellWantsStateToBeFirstToDrillOffshoreForOilNaturalGasVa/75463/

Excloo: Secret Agreement on T-Ridge Revealed

NSB mayor still concerned with offshore oil

Alaska Dispatch, January 23, 2010; <http://www.alaskadispatch.com/voices/tundra-talk/3737-nsb-mayor-still-concerned-with-offshore-oil>

Edward S. Itta

I always look forward to Jill Burke's articles on rural and Native issues. Her coverage of the Point Hope caribou case was by far the most comprehensive and insightful of any reporting on the issue. Her Jan. 6 article, "New argument in polar bear debate," made some good points and covered a wide range of views on offshore oil and gas development. In the article, she concluded that I have "had a change of heart" about offshore development based on two recent positions taken by the borough. Her conclusion was understandable, but it was also wide of the mark.

The positions that caught her attention were:

1. The borough's decision not to join litigation against federal approval of Shell's revised Beaufort Sea exploration plan; and
2. Our opposition to the federal designation of 200,000 square miles of Arctic Ocean and North Slope coastal area as critical habitat for the polar bear.

I decided not to join the recent litigation because Shell had made changes to reduce the size and scope of its exploration plan as a result of our concerns. In addition, the federal government strengthened the permits by stipulating when drilling will have to shut down to accommodate the subsistence whaling season. Am I ready to say "full steam ahead" on offshore development? Absolutely not. I have major concerns about sediment discharge, air quality and other features of the proposed activity, and I am continuing to work with industry and the agencies to improve them. But there were good and consistent reasons for my position on Shell's permits.

My opposition to the polar bear critical habitat designation was a much easier decision. Fish and wildlife listed the polar bear as a threatened species and declared vast areas as critical habitat because global climate change is melting the sea ice, which provides an important platform for polar bear feeding at certain times of year. There is nothing that North Slope residents can do to mitigate the warming of the ocean and disappearance of the sea ice. Restricting our activity in a 200,000-square-mile area will not help the polar bear. It will only make life more difficult for people who live in and use this area. In a worst-case scenario, the designation could restrict subsistence activities, which would do real harm to people on the North Slope without making any difference to the health of the polar bear population. This makes no sense at all, and it understandably upsets people throughout the region.

We don't know what specific restrictions the feds will come up with, but the polar bear listing gives them plenty of latitude to interfere with all kinds of ordinary community activity. For example, it is entirely possible they could choose to block construction of a new landing strip at Kaktovik. Storm surges routinely swamp the existing airstrip, so the village desperately needs an alternative. But it is within the critical habitat zone and fears of disturbing a polar bear den could stall the project.

The borough submitted comments on the critical habitat designation jointly with Arctic Slope Regional Corp. We pointed out that severe economic constraints would violate the intent of the land claims act. The Alaska Native Claims Settlement Act contained an economic development mandate in its formation of Native regional and village corporations, and blocking the exercise of that mandate would deny us the path of economic development that Alaska Natives were directed to pursue through ANCSA.

In her article, Jill said, "For the borough, this argument represents a departure from the legal battles it waged in recent years against federal regulators that had approved exploration plans for oil companies hoping to tap vast oil reserves beneath the Arctic seabed." She said that, while we had sued over federal approval of Shell's Beaufort Sea exploration plan in 2007, my decision not to join in the latest litigation on Shell's revised plan indicates that I have had "a change of heart."

This is not true. I have consistently supported oil and gas development that does not threaten the future of our subsistence hunting tradition. We have long considered ourselves a partner with industry in onshore development,

and we have stood shoulder-to-shoulder with our communities, the state and pro-industry groups in promoting ANWR development.

Offshore is a different matter because it introduces a new level of risk to our most cherished cultural activity -- the bowhead whale hunt. I continue to oppose offshore development as a matter of principle. The risks are too high. A substantial spill would be impossible to clean up, and even the everyday issues of noise, discharge and small-scale spills could impact the bowhead migration and the hunt.

At the same time, I'm a realist. As long as the industry believes there's a lot of oil and gas out in the ocean -- which they do -- and as long as the Obama administration supports Arctic OCS development -- which they do -- then we are likely to see activity in our waters. So I have to ask myself: what's the most effective way to deal with that reality? We can either build a wall of lawsuits between us and the feds and industry, or we can sit down and challenge them to meet our expectations. I believe we will ultimately do a better job of protecting our subsistence resources if we work with them to achieve the highest standards and then hold their feet to the fire.

And believe me, the agencies and industry are getting an earful about our expectations, which include deferral areas and mitigation measures and discharge requirements that will make offshore activity in the Arctic as safe as it is anywhere in the world. We are looking for protections that achieve the same level of safety for Arctic Ocean operations that exists in Prince William Sound, where a disabled tanker did not turn into a disaster last weekend. It's this kind of precautionary planning that we seek, and there are early indications that our efforts are getting results.

If all else fails, I will still consider going to court, but I have never believed in litigation as a good way to get things done.

ANCSA inextricably tied us to the modern world and its economic solutions, but a foothold in the cash economy also gave us the wherewithal to sustain our involvement in the subsistence economy. A large percentage of calories consumed by North Slope Inupiat still come from subsistence activities, and our day jobs help to make this possible. After all, it costs a lot of money to purchase the snow machines and boats and other gear required for subsistence hunting.

Clearly, Native people have to walk a tightrope between traditional and modern worlds. It is a difficult balancing act, which is reflected in our lives and our politics. And while it may appear that one decision or another represents "a change of heart," it is more likely the result of a change in circumstances. I know that my heart hasn't changed. It is still intent on finding solutions today that will make it possible for my children's grandchildren to share the values and practices of my parents' grandparents.

Public Comment Period on Cape Wind

Cape Cod Today, January 23, 2010; <http://www.capecodtoday.com/blogs/index.php/2010/01/23/public-comment-period-on-cape-wind?blog=53>

MMS Opens Public Comment Period on Cape Wind Energy Project
Comments due by February 12, 2010

As part of Secretary of the Interior Ken Salazar's commitment to issue a decision on the application for the Cape Wind Energy Project, the Minerals Management Service (MMS) is accepting public comments on the historic preservation aspects of the project.

The proposed Cape Wind project would place 130 turbines over 25 square miles in Nantucket Sound off the coast of Massachusetts, and could supply up to 75 percent of the electricity for Cape Cod, Martha's Vineyard, and Nantucket Island.

Secretary Salazar announced this public comment period on January 13 in response to the decision by the National Park Service to consider Nantucket Sound for listing in the National Registry of Historic Places.

The MMS prepared a revised version of its Section 106 Finding of Adverse Effect (Revised) document to the proposed Cape Wind Energy Project pursuant to Section 106 of the National Historic Preservation Act (36 C.F.R. Part 800). The agency revised the document in response to new information that five additional properties within

the Area of Adverse Effect for the project have now been found to be eligible for inclusion in the National Register of Historic Places.

The MMS is making the Revised Finding document for the proposed Cape Wind Energy Project on the Outer Continental Shelf in Nantucket Sound available for public review and comment in the Federal Register on Monday, January 25. The comment period for the Revised Findings document closes on February 12.

The comments on the Revised Finding document will be reviewed and considered by the MMS as part of the ongoing National Historic Preservation Act Section 106 consultation process.

The Section 106 Finding of Adverse Effect (Revised) document is available on the MMS Web site:
<http://www.mms.gov/offshore/RenewableEnergy/CapeWind.htm>

Comments on the Revised Finding document should be mailed or hand carried to:

The Minerals Management Service
Attention: James F. Bennett
381 Elden Street
Mail Stop 4042
Herndon, Virginia 20170-4817.

Envelopes or packages should be marked "Cape Wind Energy Project, Findings Document." The MMS will also accept comments submitted electronically through its Web site at www.regulations.gov. In the entry titled "Enter Keyword or ID," enter docket ID MMS-2010-OMM-0002 then click search. Under the tab "View by Docket Folder" you can submit public comments for this Notice.

Tiahrt Calls on Administration to Allow more Domestic Energy Production to Create Jobs, Energy Independence

El Dorado Times, January 22, 2010; <http://www.eldoradotimes.com/news/x231951119/Tiahrt-Calls-on-Administration-to-Allow-more-Domestic-Energy-Production-to-Create-Jobs-Energy-Independence>

By Staff reports

Washington — U.S. Congressman Todd Tiahrt (R-Goddard) has sent a letter to the Department of the Interior urging it to move forward with a proposal that would allow more access to oil and gas leases in the Outer Continental Shelf, a move that would boost domestic energy production and create thousands of new jobs.

Tiahrt wrote Interior Secretary Ken Salazar noting seven months has passed since members of Congress last asked the administration to open new lease areas, and there are still no plans or new leases being awarded in these areas.

"The Obama administration must stop with its delay tactics," said Tiahrt. "I am reiterating my request that Secretary Salazar proceed immediately in opening new oil and natural gas leases offshore that are estimated to add \$105 billion to our economy and create 128,000 new American jobs. This is true economic stimulus that will also bring us closer to energy independence."

The text of the letter sent to Secretary Salazar:

Dear Secretary Salazar:

Last June, my colleagues in the House of Representatives and I sent a letter urging the Department of the Interior (Department) to open the new lease areas included in the Minerals Management Service's (MMS) Draft Proposed Outer Continental Shelf (OCS) Oil & Gas Leasing Program for 2010 to 2015.

Now seven months have passed, and there are still no plans or new leases being awarded in these areas.

The Department has mentioned that it needs to accumulate more environmental data before it can move forward with any new OCS lease development. It has been pointed out, however, that the Department and MMS have yet to conduct the necessary environmental reviews needed to move forward with OCS lease development.

First, the current 2007-2012 (five-year plan) leasing program for Alaska is in legal limbo after a federal court ruled that an environmental analysis was not conducted properly. The court ordered MMS to conduct another environmental analysis. MMS has yet to conduct new analysis. The result, OCS activities in Alaska are on hold.

Second, the same five-year plan has an area in Virginia that is now eligible for leasing. Before a lease can be awarded, though, MMS must first prepare an Environmental Impact Statement (EIS). Since the Congressional and Presidential moratoriums were lifted in 2008, MMS has yet to perform an EIS, which has resulted in further delay in awarding offshore leases in Virginia.

Third, also included in the lifting of the OCS moratorium was the allowance of seismic testing in the Atlantic OCS. MMS has received several applications for seismic companies to begin work but MMS is prohibited from issuing any permits until it conducts an EIS.

The American people have spoken through Congress; we need to open these new lease areas offshore. We can do this and Congress can work with you on developing these areas in a responsible way. The Department should stop delaying and conduct the necessary environmental reviews. Some experts believe that the net gain to the economy would be \$105 billion and 128,000 new jobs. This is true economic stimulus without costing the taxpayers trillions of dollars.

In light of this information, I urge you to conduct the environmental analysis in Alaska, prepare an EIS in Virginia, and perform an EIS so that seismic testing in the OCS can begin.

Oil firm paid Calif. enviros to lobby for drilling

Greenwire, January 22, 2010; <http://www.eenews.net/Greenwire/2010/01/22/14>

Several Californian anti-drilling groups agreed to lobby for an expansion in oil drilling off the coast of Santa Barbara in return for \$100,000 and promises that the oil developer would cease operation by 2022, according to recently revealed terms of the deal.

The secret terms of the 2008 deal between three area nonprofits, including the Environmental Defense Center, and the oil developer Plains Exploration & Production arose in leaks this week.

Plains agreed to donate 3,900 acres to The Trust for Public Land, contribute \$1.5 million to a hybrid bus fund and committed to shutting down its operation in 2022, in addition to the \$100,000 plus expenses it agreed to pay the groups.

The deal, first hailed as a win-win, was eventually killed by the State Lands Commission due to its confidential nature. Some estimate that the Santa Barbara drilling would generate \$1.8 billion in royalties for the state over the next two decades, but fear such a deal would open the whole coastline for offshore development.

Linda Krop, the attorney for the environmental groups, defended the payments.

"Every settlement agreement has a provision for fees," Krop said. "What happened in this case is that we estimated what we thought our fees were going to be. This has cost EDC a lot more than \$100,000. It was three years of work and pretty intense."

Krop admits it was a mistake to keep the deal secret. The groups are now working on a new deal that will address concerns raised by State Lands.

"This one will be public," she said (Noaki Schwartz, AP/San Francisco Chronicle, Jan. 21). -- PV

Offshore drilling language poses problems for 'energy only' bill

E&E Daily, January 22, 2010; <http://www.eenews.net/EEDaily/2010/01/22/1>

Mike Soraghan

The idea of passing an energy bill without cap and trade is gaining currency on Capitol Hill as Democratic leaders look at scaling back their agenda. But it may run into trouble from liberal and coastal lawmakers who oppose more offshore drilling.

"Energy only" backers have portrayed such legislation as a path to a bipartisan achievement, particularly in the wake of the Massachusetts Senate election widely seen as a repudiation of the Democrats' ambitious agenda.

But while liberal and coastal lawmakers might have been willing to allow more offshore drilling in exchange for a cap on greenhouse gas emissions, they are less likely to give up that leverage if a cap-and-trade plan is jettisoned.

"There are provisions that are more difficult for us to accept if they're not part of a comprehensive bill," said Sen. Ben Cardin (D-Md.). "In a broader package I am more understanding of some of the other regional concerns."

Conversely, Sen. Lindsey Graham (R-S.C.), who is trying to put together a joint climate and energy bill has been telling Republicans that they cannot get the offshore drilling, nuclear and other pro-production measures they want without a cap.

"I can get every Republican for an energy independence bill, OK? But there are not 60 votes," Graham said. "You're not going to get the nuclear power provisions you want unless you do something on emission controls."

The energy bill (S. 1462) passed by the Senate Energy and Natural Resources Committee in June included a provision by Sen. Byron Dorgan (D-N.D.) to open areas as close as 45 miles from Florida's gulf coast to drilling.

The measure also includes a renewable electricity standard requiring utilities to provide 15 percent of their power from renewable sources by 2021. Environmentalists have called for a 25 percent standard by 2025.

Energy and Natural Resources Chairman Jeff Bingaman (D-N.M.) still wants his committee's bill to be paired with a cap-and-trade system. But Dorgan has pushed for that legislation to be passed on its own, without the cap-and-trade plans being written in other committees.

"It will move us in the direction of a lower-carbon future," Dorgan said. He added that most areas of the outer continental shelf were opened to drilling a year ago. His bill would open one of the last places that is still off limits.

"Offshore drilling is a carrot," Dorgan said. "It's a carrot that's already been consumed."

But Sen. Bill Nelson (D-Fla.) is likely to filibuster any effort to expand drilling off the shores of his home state. Without an emissions cap, liberal Democrats are even less likely to try to help override his objections.

"Enviros would revolt and could easily peel off enough liberal senators to keep them from getting 60 votes," said a House Democratic leadership aide, "at least in the short term."

Another House Democratic aide who described the energy-only bill as a likely compromise said it would still need the Florida senator's support to pass. The aide said Dorgan and Nelson would have to work out some sort of compromise about how far off the coast the drilling would be.

And prospects would not be much better in the House. The House cap-and-trade bill did not include any offshore drilling. Speaker Nancy Pelosi (D-Calif.) is a longtime foe of offshore drilling and once derided the idea that it might lower gas prices as a "hoax."

Pelosi relented in the face of Republican pressure and high gas prices in 2008 and allowed a longstanding moratorium on coastal drilling to expire, although the GOP and oil industry have criticized the Obama administration's progress on approving leases.

Though it is being shepherded by Dorgan, supporters see offshore drilling as a way to bring Republicans on board to an energy bill. Energy companies say drilling is popular not only with the GOP but the general public as well.

"The American people overwhelmingly support these common-sense efforts, and leaders in Washington should too," said Bruce Vincent, president of Swift Energy and chairman of the Independent Petroleum Association of America.

Supporters also note that liberals and environmentalists would still be getting a renewable energy standard that would cut greenhouse emissions by power plants. But that won't satisfy most climate activists. Daniel Weiss, director of climate strategy at the Center for American Progress, said the RES in the Senate energy bill has too many loopholes.

Weiss looks at drilling as the political equivalent of dessert. Measures to reduce greenhouse gases amount to eating your vegetables, he said -- not as pleasant, but better in the long run. He worries that any such bill will have too much sugar and not enough broccoli.

"We need a balanced energy menu with vegetables and protein, not just a pile of Cool Whip," Weiss said.

Give it the gas

Houston Chronicle, January 21, 2010; <http://www.chron.com/disp/story.mpl/editorial/6829565.html>

Every few weeks, it seems, fresh news arrives telling of impressive discoveries of oil and gas in the Gulf of Mexico, an area that, until recently, was viewed as well worked over and unlikely to yield any new bonanzas.

Last September brought word of a giant Gulf oil field reeled in by British Petroleum. And the latest Gulf headline-maker is a potentially major gas play offshore Louisiana that appears likely to add new trillions of cubic feet of gas to growing domestic reserves of the cleanest-burning carbon fuel.

So much for worked over. The new take on the Gulf is decidedly more optimistic.

When coupled with discoveries of huge new reserves of natural gas across Texas, Arkansas and Louisiana, and in Colorado and Pennsylvania and West Virginia, this latest projected Gulf find makes natural gas a truly abundant fuel for this country.

As Chronicle reporter Brett Clanton reported last Saturday, this emerging cornucopia of energy has many in the industry fretting about having too much of a good thing. They now worry about the potential of an overabundance to depress natural gas prices.

The point is well taken. Although the new Gulf gas wouldn't come on line for a few more years, it could combine with the other sources to produce an oversupply.

"It could be meaningful to U.S. supply in a time frame when we really don't need more additions to supply," David Pursell, a managing director with local investment bank Tudor, Pickering, Holt & Co. Securities, told Clanton.

This is where it seems appropriate to discuss consideration of a broader shift in national energy policies — away from efforts to clean up coal and toward enlarging markets for cleaner-burning natural gas.

In part, gas still suffers from an old misconception, left over from the first energy crisis in the 1970s, that it is scarce and that supplies are expensive and unreliable. This notion is the result of a well-remembered battle, led by, among others, Houston's Oscar Wyatt, to deregulate interstate prices for natural gas.

Deregulation came, of course, and the result is the superabundance of gas the nation enjoys today.

The other trouble gas has is political — it must contend with the compelling electoral arithmetic that is coal's undisputed advantage. As we saw in the 2008 presidential campaign, the electoral votes in coal-producing states make the environmentally problematic fuel irresistible to national political candidates.

While mindful of the troubles a market glut brings to the local economy, we believe the longer-term answer to the gas glut is to broaden its role in the national energy picture.

This country needs to create a clean energy future that includes an increased emphasis on conservation and reliance on noncarbon alternatives. But to get there, we need a reliable bridge. Domestically produced natural gas, whether from Gulf waters or Texas shale — or for that matter from coal-rich Pennsylvania and West Virginia — can help make that bridge a sturdy and clean one. Natural gas is, after all, 50 percent cleaner than coal.

It's time to consider reordering national energy priorities to broaden the role of natural gas. In so many ways it's a better bet than coal.

Such a shift of priorities would obviously benefit the Houston and Texas economies. And such a shift would benefit the nation as well.

Drill, baby, drill, says Alaska's Parnell

UPI.com, January 21, 2010; http://www.upi.com/Science_News/Resource-Wars/2010/01/21/Drill-baby-drill-says-Alaskas-Parnell/UPI-45141264090066/

Exploring the oil and gas resources in the Alaskan outer continental shelf is a state priority, the Alaskan governor said in his state of the state address.

Alaska sits on some of the largest oil and gas deposits in North America in its North Slope region.

Alaska's Republican Gov. Sean Parnell in his annual state of the state address said "gushers" in the Prudhoe Bay and Point Thomson regions of the North Slope require an ambitious effort to exploit.

"We will draw on that timeless Alaskan strength and ingenuity to make it happen," he said. "We will not settle for any less than maximizing recovery of Alaska's gas for Alaskans' benefit."

He pointed to potential oil and gas discoveries in Alaska's outer continental shelf as a further source of state revenue in a stagnant economy still crippled by the recession.

"I have made exploring and developing the OCS our priority," he said.

TransCanada and Denali, a joint venture between BP and ConocoPhillips, are competing to develop a natural gas pipeline from the Alaskan North Slope to the Lower 48 states.

"But, getting pipe in the ground will take what Alaskans are known for meeting the challenges together; problem solving, not rock throwing," he said. "It will demand the best of all of us."

Living with reality

Alaska Dispatch, January 20, 2010; <http://www.alaskadispatch.com/dispatches/rural-alaska/3703-living-with-reality>

Jill Burke

Last week, Alaska Dispatch ran a story about the North Slope Borough's position that oil and gas exploration, and the money that comes with it, is now an essential element of modern Inupiaq life. This position is in contrast to oil industry opponents, who feel industry threatens the land and sea with unacceptable risks to marine mammals and the environment -- risks that threaten the traditional way of life Alaska's indigenous arctic residents are fighting to preserve.

North Slope Borough Mayor Edward Itta felt our story, while accurate, failed to convey the complexities of his seemingly contradictory positions. He has been and remains an opponent of offshore drilling, although more recently, his position on offshore drilling has softened. We sat down with the mayor so he could explain why what may seem like a 180 degree shift in position isn't. This transcript has been edited for length.

Jill Burke: How would you characterize your position on offshore drilling?

Mayor Edward Itta: Outer continental shelf issues have been a big part of my plate since becoming mayor four years and two months ago. Our way of life, food security -- what is known as subsistence and protecting our oceans and air -- have been a big part of this. But I would like to back up a little bit and make it clear that oil and gas and the North Slope Borough have always been partners. Oil and gas is what drives the revenues into our coffers. Oil and gas is what provides us the wherewithal to put in the infrastructure in all our villages up there and maintain them, keeping warm and keeping lights on, jobs, health clinics and schools. ... I think that it is very important that people know we know our relationship with oil and gas and what it does for us. ... (But) you cannot separate the ocean or the land from us as Inupiaq people. It is who we are and that connection is why we are so passionate and we'll do

everything we can to ensure there are reasonable protections put in to protect our way of life up there. And that is largely what has been driving me.

People think that I am fighting Shell directly. That is what is perceived out there. That it's me against industry, when the reality is that I have been fighting (the U.S. Minerals Management Service) ... for their woefully inadequate handling of this whole situation in issuing permits, because they are the ones that have a responsibility to us.

Jill Burke: Recently, you declined to join a challenge to offshore drilling in the 9th Circuit Court of Appeals. What changed about what Shell or MMS were able to commit to that made you feel like the risk vs. reward balance was more stable?

Itta: Scaling way back the project from where it was originally. It was six to eight wells all at one shot, two icebreaker class vessels and all the supporting equipment, and all the noise that goes with it, the various support vessels, the helicopter noise, everything. Now on this permit they are asking, MMS has put in that they will shut down during the whale migration, which it had never done before. I do get encouraged, I guess is the right word, that our concerns as people are starting to get addressed in spite of the willingness or Obama's administration, if you will -- they still want to go offshore and we believe they are going to go offshore. The state of Alaska Legislature supports offshore, the governor supports offshore, and our congressional delegation supports offshore, and I ran opposing offshore initially in my first term ... it was too much, and too soon, and too fast.

Burke: So you continue to oppose offshore, but you are not seeking legal action against Shell?

Itta: No. We are not there yet this time. ... I have learned from that 9th Circuit filing, once you file, you can't talk to MMS, you can't talk to agencies that are involved that are responsible for us as a people's best interest because you are in a lawsuit. My philosophy has been to continue to talk, to try to get concessions, and as a last recourse, of course, legal avenues are a tool, too, but it is my last recourse.

Burke: Has the borough worked out a way with Shell to help generate revenue?

Itta: We won't get any until federal legislation to allow revenue sharing. We won't get any revenues from offshore if all this oil is tankered out, so I am insisting on pipelines to shore -- not for revenue purposes, mind you; it's for safety. I would rather have pipelines undersea going to shore than tankers -- shades of Exxon Valdez opportunities up here. With Shell I continue to talk to them about the need for science, instead of just talking about it to develop and support financially science projects that we feel must be addressed.

Burke: If I'm Shell I might look for other ways to help provide some assistance to the community in lieu of revenue sharing, if the federal government hasn't provided a mechanism by which to make that an avenue. Are there other ways they are investing in the community?

Itta: They have now acknowledged the people by donating ... to the healthy communities initiative, which is my social and domestic agenda, in a significant way, dollar wise. They have contributed to ILLSAGVIK College to further the language and cultural aspects. I will say generally say yes, I have too many things on my mind to get really specific, but yes, they have contributed to community, social, and domestic type programs -- not on a major, major scale, but on a scale, I think, that at least acknowledges the people.

I sincerely believe that they are not the enemy. I do not believe that any oil industry folks go up there deliberately to do harm to our region; that is fallacy. But I do believe that they are ignorant in a lot of ways about what is driving us, but they are learning and that's good.

Burke: We learned in the last few days that Shell has teamed up with a few Native corporations to provide support service to Shell out of Wainwright and Barrow. What do you think about that?

Itta: I support our corporations in a big way for any economic opportunities they may have. My problem is that in the whole scheme of things, are we just getting peanuts or are we a major player in this whole thing? ... If there are all these billions out here, are we satisfied with \$1 million and saying that's okay? I say I don't think so. I think oil industry needs to involve corporations in a major way.

Burke: The Native Village of Point Hope remains opposed to any oil and gas activity, arguing that it threatens its people's way of life. Your argument, on the other hand, which ASRC shares, is that money pulled from development is essential to preserving that way of life. Who's right?

Itta: Strangely enough that was my perspective when I first started on this whole issue. I said "Offshore? Not only no, but hell no, get out of here!" I wanted it just to stop. But reality sets in. I think it is an educational process. I get concerns about those, but I respect Point Hope's positions. This is all new to us and Point Hope ... they can do and feel and express what they want to. I as mayor am responsible over all and I am very adamant that my perspective is the right way to go because we will gain something if we continue the dialogue.

Burke: Some people might hear you are opposed to offshore, but see you offering ideas on how, if it's going to happen, your people can benefit. How do you reconcile the ideal with actually crafting ideas on how to gain financially? (Itta's staff clarified it's not just financial gain the mayor seeks for the borough, but also "raising the bar" for the standards set for oil and gas development in the ocean.)

Itta: I am not interested in insurmountable obstacles. This has been a work in progress from "not only no, but hell no, get out of here!" to where I am today.

Burke: Which is what?

Itta: How can we coexist.

Virginia shipyards back offshore wind initiative

Marine Log, January 20, 2010; <http://www.marinelog.com/DOCS/NEWSMMIX/2010jan00201.html>

Virginia shipyards are backing the newly formed Virginia Offshore Wind (VOW) Coalition.

"Our goal is to be the Emerald City of green energy on the East Coast," said Virginia Beach Mayor William D. Sessoms Jr., announcing the group's formation. "Promoting wind energy off Virginia Beach's coast is good for business and good for the environment."

Coalition members include BAE Systems Ship Repair, Colonna's Shipyard, and Earl Industries. Others include Apex Offshore Wind, AREVA, the City of Virginia Beach, Dominion Virginia Power, Earl Industries, Fugro Atlantic, Old Dominion Electric Cooperative, Science Applications International Corporation, Seawind Renewable Energy Corporation, Weeks Marine and W. F. Magann. The coalition also includes organizations and individuals that endorse offshore wind in Virginia.

"Offshore wind can become an important and clean diversification of Virginia's power generation portfolio in the coming years," said Coalition Chairman Theo de Wolff, principal of Seawind Renewable Energy Corporation.

Coalition Vice Chairman Josh Prueher, president of Earl Industries, added, "The market opportunity for Virginia to become the East Coast hub for offshore wind manufacturing and logistics is approximately \$80 billion and represents more than 10,000 new jobs for our state. We must act now to capture it."

The coalition has two goals:

To promote the development of offshore wind energy in Virginia

To promote Hampton Roads as the hub of manufacturing and supply for all offshore wind farms on the East Coast.

Last summer, Sessoms created the Mayor's Alternative Energy Task Force to study new, green energy sources for Virginia Beach, Hampton Roads and the state. Wind energy was identified as one likely source of alternative energy. Virginia has a solid wind resource off its coast, with the capacity for more than 3,000 megawatts of electricity a year-- enough to power more than 1 million homes, or roughly one-third of all homes in the state. Combined with a long, outer continental shelf and a robust transmission grid, this makes Virginia an ideal location for offshore wind farms.

Virginia is second only to California in using imported electrical power. Offshore wind will be part of the solution and will help diversify Virginia's energy sources, says the coalition. In addition, the Navy recently set an ambitious goal

of having half of its power come from renewable sources by 2025. Hampton Roads is home to the largest concentration of Navy personnel in the country, and offshore wind can greatly help the military reach this goal.

Offshore wind-powered electricity has proven itself in Europe, where more than 25 projects have been successfully installed in the past 10 years. The Virginia Coastal Energy Research Consortium has researched the potential for offshore wind energy in Virginia. Their findings laid the groundwork for commercial development of offshore wind projects. As a result, two developers have submitted offshore lease applications to the Minerals Management Service of the U.S. Interior Department.

At least 10 offshore wind farm projects are under development in the United States, all of them outside Virginia. Yet, argues the coalition, no other state on the East Coast has the capacity for shipbuilding, steel fabrication and large-scale manufacturing of wind turbines and other equipment required for these massive projects. Virginia's deep-water ports and fabricating plants are well-positioned to service this growing industry.

Over the next 10 years, more than \$15 billion will be invested in the offshore wind industry on the East Coast alone. The Virginia Offshore Wind Coalition is working closely with Virginia legislators to place Virginia in a position of leadership within the industry. The coalition is working on state legislation that will make Virginia competitive with other states pursuing offshore wind.

"This is an exciting time for Virginia and Hampton Roads," Sessoms said. "The opportunities are limitless. Virginia Beach is proud to join the rest of Hampton Roads as a key player in promoting offshore wind in Virginia and will continue to work with the Virginia Offshore Wind Coalition to make it a reality."

Enviro, native groups sue over Chukchi plan

E&E News PM, January 20, 2010; <http://www.eenews.net/eenewspm/2010/01/20/7>

Noelle Straub

A coalition of environmental and Alaska Native groups yesterday sued the Interior Department over its approval of Shell's plans to drill three exploratory wells in Alaska's Chukchi Sea.

The groups filed a petition for review in the 9th U.S. Circuit Court of Appeals, arguing that the Minerals Management Service approved the drilling plan from Shell Gulf of Mexico Inc. despite an abbreviated review of its potential harms and significant concerns surrounding the leases.

"MMS failed to consider adequately and address potential impacts of the decision on the sensitive Arctic ecosystem, subsistence activities, and wildlife in violation of Federal law," the legal petition states.

Shell plans to operate the Frontier Discoverer drill ship and its associated fleet for a multi-year exploration drilling program in the Chukchi Sea. The drill site closest to land is more than 60 miles offshore and about 80 miles from Wainwright, Alaska.

The coalition says the plan comes with the substantial risk of an oil spill, industrial noise, and air and water pollution in a region already facing impacts from climate change. The group also says it could harm habitat for endangered bowhead whales, threatened polar bears, walrus and other wildlife.

The groups also note that Interior made the decision despite its ongoing court-ordered review of the Alaska offshore drilling program.

The Shell subsidiary paid \$2.1 billion for leases in the Chukchi at a 2008 sale held under the 2007-2012 five-year offshore leasing program. The program is currently undergoing review in response to a U.S. Circuit Court of Appeals for the District of Columbia order that required additional environmental analysis. Interior Secretary Ken Salazar's decision on the remaining plan is forthcoming, the department said.

Earthjustice filed the lawsuit on behalf of the Native Village of Point Hope, Alaska Wilderness League, Center for Biological Diversity, Defenders of Wildlife, National Audubon Society, Natural Resources Defense Council, Northern Alaska Environmental Center, Ocean Conservancy, Oceana, Pacific Environment, Resisting Environmental Destruction on Indigenous Lands (REDOIL), Sierra Club, and Wilderness Society.

MMS approved the plans last month with conditions, including "close monitoring" to ensure they meet safety and environmental standards. The wells will provide Interior more data and allow the department to evaluate the feasibility of future development in the Chukchi Sea, Salazar said at the time (E&ENews PM, Dec. 7, 2009).

"A key component of reducing our country's dependence on foreign oil is the environmentally responsible exploration and development of America's renewable and conventional resources," Salazar said. "By approving this Exploration Plan, we are taking a cautious but deliberate step toward developing additional information on the Chukchi Sea."

Earlier this month, U.S. EPA granted preliminary approval for the Chukchi wells. Shell welcomed the approval but noted that several hurdles remain before drilling this summer, including final EPA approval and possible appeals. EPA will accept public comment through Feb. 17 (Greenwire, Jan. 8).

A similar coalition of environmental and native groups filed a lawsuit in December against Interior over its approval of plans by Shell Offshore Inc. to drill two exploration wells in Alaska's Beaufort Sea (E&ENews PM, Dec. 15, 2009).

After 40 years in the desert, could this be the year Congress authorizes NOAA?

E&E News Daily, January 20, 2010; <http://www.eenews.net/EEDaily/2010/01/20/3>

Allison Winter

A key House committee is gearing up to consider legislation that could overhaul the National Oceanic and Atmospheric Administration and give congressional authorization to the agency for the first time.

House Science and Technology Chairman Bart Gordon (D-Tenn.) said yesterday that an NOAA organic act is on the docket for his panel this year. The bill would for the first time give a congressional directive to the science and oceans agency, which has gone without any authorizing bill for 40 years.

"We want to take a stab at ... the organic act for NOAA," Gordon said.

Oceans advocates in Congress and the environmental community have long pushed for legislation to codify NOAA, which still operates under an executive order issued in 1970 by President Nixon.

An organic act would put the force of law behind NOAA. And in the act, lawmakers would have an opportunity to set priorities for the agency and potentially give it new or expanded authorities. For example, an organic act has the potential to direct NOAA to take action on climate change, implement recommendations from the new presidential oceans task force or set up a new system for ocean zoning.

Major reports from the U.S. Commission on Ocean Policy and the Pew Oceans Commission five years ago recommended codifying NOAA, saying it would be an essential first step to empowering the agency to carry out reforms needed to ensure healthy oceans.

"We say marine resources are really important environmentally and economically, and we don't even have an agency to officially manage those resources," said Chris Mann, senior officer at the Pew Environment Group.

Mann and other oceans advocates say it is an obvious step that should have been taken long ago. Most other federal agencies already have a broad-brush congressional authorization. For example, organic acts for the National Park Service and the National Wildlife Refuge System set the mission for those agencies and a rough organization for how they would function. NOAA has no such act.

Instead, NOAA functions under the executive order and dozens of smaller-scale statutes that set up authority over specific issues, like the weather service, fisheries, sanctuaries or coastal zone management.

"There is no organic act that looks out and says, 'NOAA, here is your broad plate of responsibilities,'" said Peter Hill, a senior policy analyst for the Consortium for Ocean Leadership.

"From the standpoint of clarity and democracy, it seems desirable to clarify just exactly what the heck NOAA's job is," Mann said. "And frankly, it is also an opportunity to create new authority that they may not have."

Challenges

Since 1971, lawmakers have introduced more than 20 measures to establish the agency in law.

Most recently, the House approved a narrow bill in 2006 that would have authorized NOAA. That legislation -- passed late in the congressional year -- never passed in the Senate and did not resurface the next year as a new Congress came in, committee leadership changed and one of the bill's champion's retired.

Rep. Brian Baird (D-Wash.), chairman of the Energy and Environment Subcommittee, said movement on the NOAA organic act would be "one of the earliest actions" this year for his panel, which he hopes will take a special emphasis on oceans this year. But Gordon acknowledged yesterday that the committee's work on the issue is likely just the start of a process that may not lead to a final bill this year.

"We're going to start the discussion; we hope that we'll finish it, but we're going to start the discussion and try to move the ball down the court," Gordon said.

Gordon and Baird have both announced they are retiring from the House at the end of the year.

One challenge in advancing NOAA authorization, according to advocacy groups, has been getting lawmakers to prioritize the effort and cooperate among the multiple committees with jurisdiction over NOAA.

"The ocean community and folks at NOAA have been supporting an organic act every Congress for the last I don't know how many years," said Beth Lowell of Oceana. "The challenge comes when you are competing with a number of other congressional priorities, so we would appreciate Mr. Gordon's efforts to move it forward."

The bill the House approved four years ago was met with approval in the House only after Rep. Vernon Ehlers (R-Mich.) pared down his original proposal substantially to make sure it did not butt into the jurisdiction of the Transportation or Resources committees. That meant stripping the bill of all directives for NOAA's oversight of fisheries, coastal zone management, ocean mapping and charting, and other issues under the jurisdiction of the resources panel.

If the act is to make an impact, advocates say it must deal with the full range of NOAA's issues, including its significant wildlife and fisheries responsibilities. But there may be more opportunity for that this year. House Natural Resources Chairman Nick Rahall (D-W.Va.) indicated yesterday he would be willing to consider a NOAA organic act this year.

"I look forward to working with Chairman Gordon on this matter," Rahall said in a statement.

The jurisdictional breakdown is slightly more straightforward in the Senate. The Senate Commerce Committee is the main committee with oversight of NOAA, sharing a smaller overlap with the Environmental and Public Works Committee. Getting the issue in the crowded dockets of those committees could prove a challenge. But advocates said that staffers for the Commerce Committee have been supportive of the idea to advance a bill.

Why bother?

NOAA has functioned without an organic act for more than 40 years, and the agency has created its own mission statement: "NOAA understands and predicts changes in the Earth's environment, from the depths of the ocean to the surface of the sun, and conserves and manages our coastal and marine resources."

But marine advocates say that having no congressional authorization poses problems for the agency. It can make it harder for NOAA to collaborate with other agencies and can be interpreted as giving less import to NOAA's issues.

"Any authorizing legislation is kind of a signal that these issues have stature with Congress to be codified -- most other agencies have that," said Pew's Mann. "It is a touchstone that the agency can go to and say, 'This is what we are about.'"

And although unlikely, the lack of any authorizing act would also make it easier for a future administration or Congress to eliminate NOAA, as Republicans threatened to do to the entire Commerce Department in the mid-1990s.

Since NOAA was created with an executive order, it could also be negated with one -- though the hundreds of bills that give authority to the agency to oversee fisheries and scientific research would complicate any such effort.

A new authorization bill could potentially reorganize the agency or give it more authority to deal with climate change or the recommendations from the presidential ocean task force. It also has the possibility to take NOAA out of the Commerce Department and establish it as its own agency, similar to NASA.

Many marine advocates have said they would favor an independent NOAA, but those tracking the issue say they doubt Congress would take so bold a step.

"The other wildcard is an independent NOAA, but I am not sure anyone is entertaining that thought," Hill said. "It has been in some of the prior discussions, as NOAA goes through this debate on organization structure, you can expect people to ask, 'Is NOAA where it belongs?'"

Military Leaders Conclude No Harm to Training by Gulf Oil Exploration

PR Newswire, January 19, 2010; <http://www.prnewswire.com/news-releases/military-leaders-conclude-no-harm-to-training-by-gulf-oil-exploration-82088822.html>

WASHINGTON, Jan. 19 /PRNewswire-USNewswire/ -- Securing America's Future Energy (SAFE) today released an in-depth analysis of the potential impact on military activities, including training and weapons testing, deriving from expanded oil and natural gas exploration in the Eastern Gulf of Mexico. The paper—entitled Eastern Gulf of Mexico Oil and Gas Exploration and Military Readiness and produced in collaboration with Commonwealth Consulting Corporation, led by Col. Martin Sullivan, USMC (Ret.)—concludes that there is no credible evidence that expanded oil and natural gas exploration and development in the Eastern Gulf would adversely affect military missions in that area.

Based on MMS mean estimates, the Eastern Gulf contains 3.9 billion barrels of oil and 21.5 trillion cubic feet of natural gas; a confirmed discovery in Destin Dome contains enough natural gas to supply 1 million households for 30 years.

"Our dependence on petroleum, much of it imported from hostile regimes and unstable regions, poses a direct threat to our nation's security," General Charles F. Wald, USAF (Ret.), former Deputy Commander, United States European Command, said. "If expanded energy production in the Gulf put our armed forces or our nation's readiness in danger, we would never support it. But this report makes clear that there is no conflict in the overwhelming majority of cases. We can improve our energy security and remain at peak military readiness at the same time."

Specifically, the report examines earlier claims of potential impacts (which were made prior to the Defense Department putting into place systems to evaluate such claims), assesses rates of usage by the United States military in the affected areas, explains current methods of controlling airspace and surface actions in the Gulf, and analyzes encroachment factors. It concludes that the Pentagon until very recently had no systematic tools for measuring the effect outside factors had on training and testing, and now that those tools are being put into place, they are clearly showing that oil and natural gas production will not encroach on the military missions in the Gulf.

"It is also important to understand that there are, and have been for many years, statutes that explicitly provide for an appropriate resolution process that gives clear deference to national defense and national security," John F. Lehman, former Secretary of the United States Navy, said. "This process has worked in other offshore areas where oil and natural gas production and military training coexist, and it will certainly work in the Gulf."

Section 12 of the Outer Continental Shelf Lands Act of 1953 specifically states: "The United States reserves and retains the right to designate by and through the Secretary of Defense, with the approval of the President, as areas restricted from exploration and operation that part of the outer Continental Shelf needed for national defense." Section 5 of the Act, which deals with administration of leasing on the Outer Continental Shelf, states: ". . . cancellation [of leasing] may occur at any time, if the Secretary determines, after a hearing, that continued activity pursuant to such lease or permit would probably cause serious harm or damage to . . . the national security or defense."

"There is no higher priority for me than the security of our nation and a big part of that is our nation's energy security," said Senator Byron Dorgan (D-ND), a member of the Senate Energy and Natural Resources Committee.

"We have the opportunity now to dramatically enhance that security through responsible energy production. This report shows that it is possible to expand production in the Outer Continental Shelf without compromising our need for military training and readiness."

"Allowing oil production in the Eastern Gulf of Mexico is included in the comprehensive energy legislation that has already passed out of the Senate Energy Committee in a bipartisan fashion," added Dorgan. "We need to finish the job by passing an energy bill this year. It is time for Democrats and Republicans alike to come together and act to strengthen our nation's energy security."

New Science Rules for Offshore Drilling Send Mixed Message

PEER, January 19, 2010; http://www.peer.org/news/news_id.php?row_id=1291

MMS "Transparency" Mandate Riddled with Welter of Non-Release Categories

Washington, DC — The federal agency responsible for approving offshore drilling, wind and other deep-water energy developments has issued a new code of scientific conduct that appears to promote secrecy while touting the value of transparency, according to Public Employees for Environmental Responsibility (PEER). The net result is that scientists working on controversial ocean-based energy projects will be unable to obtain independent review of industry submittals.

The new "Integrity and Code of Conduct for Science, Scientific Assessment, and Other Similar Technical Activities" was unveiled by the U.S. Minerals Management Service (MMS) in an all-employee e-mail on January 8, 2010. It covers that agency's branch for Offshore Energy and Minerals Management.

The action seems to be a reaction to abuses under the Bush administration which suppressed protests from MMS and other agency scientists about how badly environmental assessments of Arctic offshore oil plans were skewed. The failure of MMS to openly analyze suppressed scientific concerns – on issues ranging from the effect of oil spills to the introduction of invasive species – resulted in court decisions striking down agency drilling plans and schedules for sensitive Arctic tracts.

This new scientific code of conduct, however, sends decidedly mixed messages about what may or may not be released by scientists. On one hand, the code declares "Science, scientific assessment and other similar technical activities shall be conducted with the fullest transparency allowed by law, from the planning stages through completion of the work." On the other hand, the code forbids disclosure of any information by scientists contrary to

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"agreements between MMS and its partners [i.e., oil companies] relating to use, security, and release of sensitive, confidential, proprietary, and administratively controlled, deliberative or personally identifiable information and data provided to the MMS."

"This scientific code leaves the oil industry in charge of what information the public may see about development of the Arctic," stated PEER Executive Director Jeff Ruch, noting that the vast majority of data consists of industry submittals, estimates and monitoring reports. "An MMS scientist would also have to be a Philadelphia lawyer to know what he or she could publish or disclose under this new code."

The transmittal memo for the new code states that "MMS can now join the list of other DOI Bureaus who have established and released comparable guidelines." Yet, the MMS code stands in stark contrast to the policy recently promulgated by the U.S. Fish & Wildlife Service, another Interior agency, guaranteeing its scientists the right to publish without any prior "policy review." The MMS code also does not incorporate elements of President Obama's scientific integrity policy, such as whistleblower protection for scientists.

"Significantly, MMS compiled its new 'integrity' code in secret, without involving the public or its own line scientists," added Ruch. "We need a government-wide overhaul of information access to prevent industry-friendly agencies from shielding data the public should see."

One big difference from past efforts, however, is that the new code applies not only to scientists but also to "decisionmakers" who engage in "coercive manipulation" or other misconduct. Unfortunately, the code has no enforcement mechanism to ensure that agency managers would be punished for improperly altering scientific reports.

Climate is dead, but energy bill lives – Dorgan

Greenwire, January 19, 2010; <http://www.eenews.net/Greenwire/2010/01/19/2/>

Mike Soraghan

A leading Democratic senator on energy issues is contradicting his party leadership's assertions that it can pass a climate change bill this year.

Sen. Byron Dorgan (D-N.D.), who recently announced his retirement, said today in a conference call sponsored by Securing America's Future Energy that after the bitter battle over health care, there won't be enough political will left to undertake such a contested bill.

"It's my assessment that we will not do a climate bill, but that we will do an energy bill instead," Dorgan said. "The energy bill will be climate-friendly."

The energy bill was passed in June by the Senate Energy and Natural Resources Committee on a bipartisan vote. It includes a requirement for utilities to increase the amount of renewable energy to generate power, along with a provision by Dorgan to expand offshore drilling.

Democratic leaders had planned to partner it to climate provisions being handled by other committees.

Senate Majority Leader Harry Reid said last week that the clogged election-year agenda would not derail plans for springtime passage of a combined energy and global warming bill (Greenwire, Jan. 4).

"We have a lot on our plate," the Nevada Democrat said at a conference in New York. "We have to finish reforming health insurance and Wall Street and also must help bring Americans out of unemployment. But we are not so busy that we can't find the time to address comprehensive energy and climate legislation."

Dorgan is among a number of moderate Democrats and Republicans who have, for months, urged Reid and President Obama to shift to a stand-alone energy bill this year, given the economic recession and election-year politics. But Reid said he would stick to his long-held plan for moving a much broader measure that follows the House, which narrowly adopted a comprehensive climate and energy package last June.

Reid did not offer more specifics on the Senate schedule for the measure except to repeat plans for debate early this year.

"As you know, the House has passed a comprehensive clean-energy and climate bill that does many of these things," Reid said. "I support addressing each of these issues in the Senate's version, and I expect that to happen this spring."

Dorgan declined to speculate on when the energy bill might come to the floor, but he alluded to the fact that the Democrats' agenda on energy and other matters will likely be affected by today's Senate election in Massachusetts. A Republican candidate has stunned Democrats with a strong showing in the heavily Democratic state. And if he wins, Democrats will lose their 60-vote supermajority.

"Perhaps we'll know some things this evening," Dorgan said with a slight chuckle.

Dorgan, Military Officials to Release Pro-Drilling

The Jacksonville Observer, January 19, 2010; <http://www.jaxobserver.com/2010/01/19/dorgan-military-officials-to-release-pro-drilling/>

By: News Service of Florida

A leading congressional proponent of offshore drilling is expected to take part in the release next week of a new report promoting further oil and gas exploration in the Gulf of Mexico, including waters close to Florida.

North Dakota Democrat Byron Dorgan, who last year included a measure aimed at promoting drilling in federal waters 45 miles off Florida, is scheduled to speak in a Tuesday conference call detailing the potential benefit to “military readiness” stemming from more exploration.

Joining Dorgan on the call will be several retired, high-ranking Navy and Marine officers, and John Lehman, former Navy Secretary under President Reagan.

The call is being put together by Securing America’s Future Energy (SAFE), a non-profit pro-drilling organization urging national energy independence as a security and jobs-creating measure.

The show of military muscle – even of the retired variety – comes as the House’s effort to lift the state’s 20-year ban on oil-drilling within Florida waters drew further criticism from the commander of the Panhandle’s Eglin Air Force Base.

Col. Bruce McClintock, who leads the 5,400 personnel stationed at the base, this week told the House Military Affairs and Local Policy Committee that offshore drilling could prove an obstacle to flight testing and missile-firing exercises in the Gulf.

Military representatives in the past also have warned about potential interference to jet-flight training over the Gulf.

“We would be impacted,” Col. Arnie Bunch, vice-commander of Eglin Air Force Base’s Air Armament Center, told a state Senate committee last last year.

Dorgan, who recently announced he was not seeking re-election this fall, has clashed over drilling with Florida Sen. Bill Nelson, who has long used military needs in the Gulf as a weapon against expanded oil- and gas-exploration.

“The military has been very clear on this issue,” Dan McLaughlin, a Nelson spokesman, told the News Service of Florida on Friday. “But I don’t know how SAFE can present this as something that will help the military.”

Dorgan has been a prominent figure on oil drilling, with North Dakota a major energy producer and the senator serving as the second-highest ranking Democrat on the Senate Energy and Natural Resources Committee. He also chairs a budget subcommittee that shapes Energy Department spending.

Along the Florida Gulf, 30 cities, counties, local chambers and other organizations have approved resolutions denouncing drilling – with critics rooted in some of Florida’s most conservative-leaning voting districts.

Panama City Mayor Scott Clemons, a former Democratic state legislator, said that like many Panhandle locales, his city’s resolution against drilling stems chiefly from fear of its potential impact on military missions from nearby Tyndall Air Force Base and Naval Support Activity-Panama City.

“It’s really a double whammy here,” Clemons said.

The state House has been pushing to keep the oil-drilling push alive in the face of resistance in the Senate, where President Jeff Atwater ordered a committee to conduct a wide-ranging review of the issue’s environmental impact, threatening prospects for the measure emerging during the spring session.

Florida Energy Associates, the group of self-described independent oil producers behind the idea, last week told the News Service it planned to shed two-thirds of the 30 lobbyists it has hired to work the issue. The downsizing is cast as a cost-saver that could be reversed when there are signs of movement within the Senate, the organization has said.

Mcdonnell Wants State To Be First To Drill Offshore For Oil, Natural Gas

WSLS 10, January 18, 2010;

http://www2.wsls.com/sls/ap_exchange/virginia_news/article/McdonnellWantsStateToBeFirstToDrillOffshoreForOilNaturalGasVa/75463/

By AP Exchange

RICHMOND, Va. (AP) Gov. Bob McDonnell wants Virginia to be first in the race to develop oil and natural gas reserves off the Atlantic coast.

During his first State of the Commonwealth address Monday, McDonnell said he wants to start leasing offshore reserves by 2011.

He says the first state in the game will reap an economic bonanza, and he proposes to spend that windfall on renewable energy and transportation projects.

Opening up the offshore reserves is part of the 55-year-old Republican's plan to turn Virginia into the energy capital of the East Coast.

McDonnell says the state can become an energy leader by expanding coal production in southwestern Virginia and by looking at nuclear energy.

But he adds that any energy expansion has to include job creation.

He proposed a \$500 per job income tax credit for businesses that create green energy jobs over the next five years.

Excloo: Secret Agreement on T-Ridge Revealed

CalBuzz, January 18, 2010; <http://www.calbuzz.com/2010/01/excloo-secret-agreement-on-t-ridge-revealed/>

A secret agreement between PXP oil company and a Santa Barbara environmental group sheds new light on aspects of the controversial Tranquillon Ridge offshore oil plan that are central to Governor Schwarzenegger's latest bid to win approval for the project.

A hard copy (now available in pdf) of the previously undisclosed agreement provided to Calbuzz offers an inside look at the terms of the pact that gained the Houston-based PXP the key political support of the influential Environmental Defense Center, which has been prominent in the decades-long fight against offshore drilling in California.

The group's endorsement of PXP's application for a lease to slant drill into state waters, from an existing platform under federal jurisdiction, more than three miles offshore, has bitterly divided California's environmental community.

Financially at stake are billions of dollars in new revenue for PXP, plus as much as several billion more for the state treasury from royalties on the lease, which the governor insists are needed to address the state's budget mess.

Despite Schwarzenegger's aggressive push for the lease last year, the State Lands Commission rejected PXP's lease application. After a raucous battle, the Assembly later defeated a bill to overturn that decision. Now, Schwarzenegger is pushing for the lands commission to rehear the lease deal, which is framed by the confidential PXP-EDC agreement.

As a political matter, the environmental issue boils down to this: the EDC and its allies argue that trade-offs made by PXP in the confidential agreement in exchange for environmental support ultimately will end some offshore oil drilling; environmental foes of the deal say it is absurd to attempt to end offshore drilling by allowing more of it, and say the deal inevitably will advance oil industry efforts to expand the practice.

PXP and EDC representatives told Calbuzz they have recently amended their original agreement, reached in April 2008, in order to beat back major arguments used to defeat the deal twice before. A spokesman for PXP and an attorney for EDC both said the revised agreement would be made public if PXP gets a new hearing.

Our own review of the original agreement, which was obtained from sources who requested anonymity because of concerns about retribution, meanwhile provides the first definitive look at a host of issues that, for nearly two years, have been the focus of political gossip, rumor, speculation, charges and counter-charges.

Today we're publishing a post of unusual length and detail because we think the PXP matter, along with the AB32 climate change controversy, represent the most important environmental issues facing California.

Our research for this piece includes the previously secret document, a face-to-face about its terms with Linda Krop, chief counsel for the Environmental Defense Center, who negotiated it, and an email exchange with Scott Winters, PXP spokesman and vice president of corporate communications. Here is a look at key issues, with a major Weed Whacker Alert:

I-Secrecy: “Negotiated behind closed doors”

PXP and EDC have declined to make their agreement public, saying it contains proprietary information that could aid the company’s competitors. Their insistence on confidentiality was a major factor in the twin defeats of the deal last year.

If granted, the requested lease would be the first by the state since Union Oil’s disastrous 1969 Santa Barbara oil spill, and opponents of the deal successfully argued that it is outrageous even to consider such a change without a full public airing of its conditions.

“The fate of public lands cannot be decided in contracts negotiated behind closed doors,” Controller John Chiang, a lands commission member, said in explaining his vote against it last year.

Our review of the document showed there is no formal confidentiality clause to legally prevent its release to the public. Linda Krop, lead attorney for EDC, who negotiated the agreement, told us in an interview:

PXP asked if the agreement could be confidential because it explains how they do business with their partners and such, and they didn’t want the rest of the industry to see that. We said, ‘sure, that’s not a problem’...That was just the agreement going in (to negotiations).

PXP and EDC said they recently incorporated amendments to the agreement to address criticisms raised at the initial State Lands Commission hearing by strengthening written assurances that the promised benefits of the agreement will materialize.

PXP spokesman Winters said, “We recognize the concern the confidential nature of the agreement generated” and pledged that the revised agreement will be made public — if and when the lands commission schedules a new T-Ridge hearing.

Krop said she was surprised by the vociferousness of the criticism about the lack of transparency, claiming it is not unusual for environmental groups to keep private the legal agreements or settlements it makes with corporations applying for permits or leases before public agencies. Said Krop:

It caught us off guard. The reason we did not think that was an issue (was) because the project was going to be decided at public hearings before the county, the State Lands Commission and the Coastal Commission...Had we known it was going to be an issue, we would have talked about it up front, but it caught us by surprise...If we get a second chance, it will be a public agreement, and we will never have a private agreement again.

II-Money: Who gets what

EDC legally represents in the matter two other Santa Barbara non-profits, Citizens Planning Association (CPA) and Get Oil Out! (GOO). Amid the bitter debate within California’s environmental community, one of the charges leveled by T-Ridge foes is the suggestion that the non-profit EDC benefits financially from the agreement, and from its public support of PXP.

On this point, Section 1.6 of the agreement (“Reimbursement of Expenses of Environmental Parties”) states that:

Upon all Parties’ execution of this Agreement, PXP shall pay \$50,000, and upon the State Lands Commission’ approval and PXP’s written acceptance of all the leases necessary for the Tranquillon Ridge Project, PXP shall pay an additional \$50,000, for a total of \$100,000, to the Environmental Defense Center, as reasonable compensation for work performed by EDC on behalf of GOO! and CPA pertaining to the environmental and permitting review for the Tranquillon Ridge Project, and the negotiations leading up to and implementation of this Agreement.

The oil company also made other financial commitments, in addition to the terms about oil drilling, which are discussed below.

These include ceding for conservation nearly 4,000 acres of onshore lands in Santa Barbara County now used for production and processing of oil yielded by offshore operations. These land transactions, per the agreement, are to be managed primarily through the non-profit Trust for Public Land. The agreement does not state the value of the land.

The company further agreed to pay a maximum of \$298,507, at a rate of \$20 per ton, to offset any new greenhouse gas commissions from the T-Ridge project, to the Santa Barbara County Air Pollution Control District. PXP also promised to pay the air quality district \$1.5 million, over 14 years, to “administer a transit bus technology program” within the county to help reduce greenhouse emissions.

PXP's potential royalty payments to the state are estimated at several billion dollars, according to Winters, who said the county of Santa Barbara could receive several hundred million in property tax revenue on oil produced from new T-Ridge operations.

In exchange for these commitments, among others, EDC and its clients made promises of public support for PXP's efforts to obtain the lease and all necessary approvals, saying they would:

...in a timely manner communicate...support for the granting of all approvals required for the Tranquillon Ridge Project pursuant to the agreement. These communications shall be in writing (with copies contemporaneously delivered to PXP), and include oral testimony at public hearings of Santa Barbara County, the State Lands Commission, and California Coastal Commission...

In the event PXP requests the Environmental Parties to communicate their support...to any other governmental agencies with entitlement jurisdiction, EDC shall do so on behalf of (CPA and GOO!), in which event PXP shall pay EDC's reasonable fees, together with reimbursement for any of EDC's reasonable and actual out-of-pocket costs incurred.

Krop termed “ridiculous” the notion that this contractual arrangement could support the perception that EDC was due a \$50,000 bonus payment once PXP secured approval from the lands commission. Noting that “every settlement has a reimbursement,” she stated that PXP has now paid the full \$100,000 to EDC, which she said actually “shortchanged” the many hours she and her staff devoted to the project. Krop:

For environmentalists, it's never been about the money, it really has been about ending current oil production and stopping future oil production...We did get paid the full \$100,000...because we put twice that (amount of time) by the time we were done...The reason we advocated for this is because we want the end dates (for offshore oil drilling). We want the benefits of the agreement.

As for PXP's profit, Winters claimed “the state stands to gain as much, or more in all price scenarios, than PXP.” He characterized speculative reports that the company stands to gain upwards of \$20 billion from the deal “not even remotely realistic” but declined to say how much increased income the project could mean for PXP.

III-An End to Drilling: How, When, Whether

As a policy matter, the most important issue raised by the PXP agreement is whether or not the negotiated “end dates” — when the company promises to stop drilling both at Tranquillon Ridge and from three other platforms located in coastal waters under federal jurisdiction — can be legally enforced.

(A bit of complicated, but unfortunately relevant, waaay in-the-weeds history:

Coastal waters up to three miles from shore are formally known as “California State Tidelands.”

Since 1938, oil leases in them have been under the jurisdiction of the State Lands Commission. The three-member body includes the Lieutenant Governor, the state Controller and a representative of the governor's Department of Finance.

Until the 1969 Santa Barbara oil spill, which galvanized the start of the global environmental movement, the state had granted 35 leases for tidelands. Since then it has granted none.

In 1994, former state legislator, and current state schools chief, Jack O'Connell of Santa Barbara, successfully passed the California Coastal Sanctuary Act, which allows new state leases only under a few conditions. Two of

these include: a) areas where oil in state waters drains into federal waters and b) cases in which the lands commission determines it is “in the best interest of the state” to allow such a lease.

The U.S. government has authority over oil leases in Outer Continental Shelf waters beyond three miles from shore. Starting in 1981, there was a federal moratorium on new leases off the California coast, which expired in 2008.

Under an pre-existing federal lease, PXP now operates Platform Irene, just outside the three-mile limit. That operation sucks oil out of the sea at a point near an underwater geological formation known as Tranquillon Ridge, where oil drains from state into federal waters).

Because PXP’s state lease application apparently meets condition a), the key question for the lands commission, in deciding whether to grant a state lease at T-Ridge, is whether the project meets condition b), by being “in the best interest of the state.”

Schwarzenegger says it does, because the state needs the money; project opponents say it does not, because it would set a dangerous political and environmental precedent. The State Lands Commission backed the latter view last year, when it turned down the project, 2-to-1.

PXP first applied for a state lease in 2004; during the EIR process, EDC opposed that effort. At the suggestion of then-Lieutenant Governor John Garamendi, according to attorney Krop, the company came to EDC in 2007 seeking a compromise.

Within a few months, Krop said, they had offered to include in a possible deal three other platform operations now under federal lease, in an area known as the Pt. Arguello Project, south of T-Ridge (if you’re still with us, remember this name). The result of those negotiations was the confidential pact signed in April 2008, under which EDC now supports PXP’s application to the lands commission.

IV- What are “end dates”?

The no-longer confidential agreement calls for PXP, if granted the state lease, to end operations in both federal and state waters near Tranquillon Ridge by the end of 2022. The company also promises to shut down its onshore production facilities connected to those operations, ceding the land for public use. PXP also agrees to remove permanently, not just decommission, the infrastructure known as Platform Irene.

Recall the aforementioned Pt. Arguello Project. PXP operates it through a majority partnership it has with other oil companies.

The EDC pact says PXP will ensure the end of drilling operations from three platforms — known as Harvest, Hermosa and Hidalgo — in that federal project area, within nine years of the company receiving the T-Ridge state lease. The PXP-EDC agreement also calls for turnover for public use of onshore lands where Pt. Arguello-related production facilities now operate.

Caveat: the agreement states that unnamed “third parties are responsible for the abandonment of the three Pt. Arguello platforms.” While PXP promises not to oppose any effort to remove the actual platforms, it does not promise or guarantee they would be removed.

Will it ever end?

The so-called “end dates” for drilling are described in the agreement, variously, as “irrevocable and non-modifiable,” and “pre-determined and absolute.”

As a legal and political matter, however, the key question in the T-Ridge debate is whether these dates would be enforceable. Both the lands commission staff and the attorney general’s office reported to commissioners last year that they were not, a crucial factor in the defeat of the lease application.

Opponents of the deal say there are simply too many future unknowns and unknowables — market conditions, the price and availability of oil and who controls the state and federal governments, for example — to assure that the promised end dates would be honored.

One key factor here is that federal leases — including those for platforms Harvest, Hermosa and Hidalgo — are under authority of the Department of Interior’s Minerals Management Service (MMS), which ensures that federal leases generate income for the U.S. government.

In explaining his opposition to a state lease for PXP, Controller Chiang wrote this in a post for the California Progress Report:

My concerns also include the enforceability of ending the Tranquillon Ridge oil drilling operations in 2022 and the Point Arguello operations in 2017. The support of environmentalists for this project would not exist without dates certain on which drilling would stop, but neither the proposed State Lands Commission lease nor the PXP agreement can provide certainty about these end dates.

The federal Minerals Management Service receives royalties from the oil production in federal waters and is compelled by law to encourage drilling until it is no longer economically viable.

The state cannot interfere with the contracts between PXP and MMS. Because the MMS will not agree to the proposed end dates, and because we are continuing to experience severe volatility in the energy market, there is likelihood that market forces in 2022 would dictate whether or not the federal government would continue seeking revenue from this project.

V. The ultimate leverage

But Krop told Calbuzz the Controller is “not correct” in his statements about the position of the federal government.

She said she met in Washington last fall with federal officials. At that time, MMS officials told her, she said, “we want to make this happen” She added that if and when state lands commissioners rehear PXP’s application, she will present evidence the federal issue should be “off the table.”

“When we met with MMS folks back in D.C. in September, they said, ‘that’s a viable option,’” Krop told us.

Winters said the the scenarios about difficulty enforcing end dates are not realistic, because the onshore facilities to support future drilling at the sites would be removed. He also said the new agreement would make California’ attorney general a party to the pact, to give specific authority over the deal to the state. He also told Calbuzz that in the amended agreement:

...a new provision has been added that requires PXP to forfeit 100% of any profits the project generates if it operates beyond 14 years for any reason. In addition, the agreement includes a clause that requires PXP to waive its rights to apply for any extension at the end of the life of the project.

As for the other enforceability issues, Krop strenuously argued that the original agreement she negotiated was ironclad:

Under our agreement, those (onshore) facilities cannot be used for production of oil and gas after the end dates...

By everybody’s prediction there’s going to be hardly any oil and gas left in these fields. If (MMS) were to lease them, all the new platforms, pipelines, processing facilities would have to be built. It’s just not going to happen...

You’ve got a .0000001 percent chance, (of offshore drilling taking place on the sites after the end dates). Right now you have a 100 percent chance they’re going to keep producing. That’s what’s frustrating to me, is that people in Sacramento don’t get that...We’re not supporting a new project, we’re supporting a project that is going to shut down production.

In this exchange during the interview, however, Krop acknowledged that if unforeseen circumstances led to leasing arrangements and drilling past the end dates, enforcement of the EDC-PXP essentially would be left to her group, by filing a lawsuit:

Calbuzz: So what you’re saying is, the enforceability is ultimately the legal leverage that you would have as one of the parties to this agreement.

Krop: Right.

Calbuzz: In other words, if they violated this agreement, you would have to go to court to sue to enforce it.

Krop: Right. We would go to court, (Trust for Public Lands) would go to court...

As for the political argument by opponents that granting PXP a state lease would send a powerful political message that California's long-held consensus opposing offshore drilling is crumbling, the EDC attorney claimed that any such perception "is based on people telling untruths."

The politics is the truth. If everyone would stick to the facts, I'm saying, if everyone would quit twisting the truth, the perception would be the truth. The truth is, the drilling's happening and we're shutting it down.

VI. And Now, a Word from Your Sponsors

We've done our best to present the facts of this as fairly as possible, but figuring out who's right among environmentalists on this one requires an ability to foresee and forecast the future — about the oil market and shifts in government leadership, among other things — which we admit we lack.

Amid the passion and strained relationships within the environmental community, it seems to us that some people on both sides of this complicated issue share the same policy goal — to protect California's precious coastal environment. It's sad to watch them attack each other's motives.

That said, as innovative, perhaps visionary, as the EDC proposal may be as an environmental policy matter, the group's appreciation for hardball politics in Sacramento and Washington seems to us at times naive. Moreover, four decades of principled opposition to new offshore oil drilling is precedent we'd be loathe to see California forfeit on a risky bet that oil companies would willingly stop drilling for oil.
