

Week in News: March 9-March 15, 2009

Say oil and gas and be proud of it

Houma Courier, March 15, 2009; <http://www.houmatoday.com/article/20090314/ARTICLES/903141985?Title=Say-oil-and-gas-and-be-proud-of-it>

Here's why offshore drilling is bad for Va.

Daily Press, March 15, 2009; http://www.dailypress.com/news/opinion/dp-op_drilling_0315mar15,0,2979200.story

OCS development could create 35,000 new Alaska jobs, study says

Alaska Journal, March 13, 2009; http://www.alaskajournal.com/stories/031309/oil_oil_10002.shtml

Plan for big U.S. offshore wind farm moves forward

Reuters, March 13, 2009; <http://www.reuters.com/article/environmentNews/idUSTRE52C4Z920090313>

Drill Here, Drill Now!

Minneapolis Star-Tribune, March 13, 2009;

<http://www.startribune.com/yourvoices/41173447.html?elr=KArksLckD8EQDUoaEyqyP4O:DW3ckUiD3aPc:Yyc:aUdcOy9cP3DieyckcUsI>

Pleas for offshore drilling piling up

NV Daily, March 12, 2009; <http://www.nvdaily.com/news/2009/03/pleas-for-offshore-drilling-piling-up.html>

Mr. Salazar's Repair Mission

NYT, March 12, 2009; <http://www.nytimes.com/2009/03/12/opinion/12thu2.html>

Hearing on offshore drilling set for San Francisco

Press Democrat, March 12, 2009;

<http://www.pressdemocrat.com/article/20090311/ARTICLES/903110276/1350?Title=Hearing-on-offshore-drilling-set-for-San-Francisco>

VA Republicans Encouraging Oil and Gas Lease

WHSV, March 12, 2009; <http://www.whsv.com/news/headlines/41098392.html>

Salazar promotes renewables, creates climate task force

E&E News, March 11, 2009; <http://www.eenews.net/eenewspm/2009/03/11/4>

Salazar announces meetings in N.J., La., Alaska, Calif.

Greenwire, March 11, 2009; <http://www.eenews.net/Greenwire/2009/03/11/7>

Wind farm adversaries have new foe in Salazar

Cape Cod Times, March 11, 2009;

<http://www.capecodonline.com/apps/pbcs.dll/article?AID=/20090311/NEWS/903110323>

Shell report says next Prudhoe is offshore

KTUU, March 9, 2009; <http://www.ktuu.com/Global/story.asp?S=9976690>

Appeals court vacates Shell drilling decision in Alaska

Greenwire, March 9, 2009; <http://www.eenews.net/Greenwire/2009/03/09/6/>

Palmetto wind put to test for wind farm

Myrtle Beach Sun News, March 9, 2009; <http://www.thesunnews.com/news/local/story/812488.html>

Lovely corals, looming threats

Press Register, March 9, 2009; <http://www.al.com/news/press-register/metro.ssf?base/news/123659015795530.xml&coll=3>

Say oil and gas and be proud of it

Houma Courier, March 15, 2009; <http://www.houmatoday.com/article/20090314/ARTICLES/903141985?Title=Say-oil-and-gas-and-be-proud-of-it>

Jane Arnette

Someone told me last week that we should not be using the term "oil and gas" when talking to the federal government because it projects a negative connotation.

They say we are asking for money for levees and coastal restoration but still delving into our environment through the oil-and-gas industry.

Well, we are who we are, and we do what we do.

Natural gas and oil provide 65 percent of America's energy; we are providing this nation with the oil and gas that fuel it.

At the same time, we continue to nurture our tender environment.

The Barataria-Terrebonne Estuary, which includes Terrebonne and Lafourche parishes, is the most rapidly eroding estuary in the world, losing a football field of coastal wetlands every 30 minutes.

Now our new president has unveiled a budget that could result in an increase of more than \$30 billion on U.S. energy production investment.

This is big.

Great opportunities exist for our industries and the communities they support, to achieve significant economic benefits in the months and years ahead.

Offshore drilling, though at a lower rig count, is still producing.

Independent producers reinvest more than 100 percent of American oil and natural gas cash flow back into new American production. Lower natural-gas and oil prices and the tight credit market are limiting investment capital; drilling activity is down by greater than 25 percent since a year ago.

So what does President Obama's budget mean to Louisiana? More than likely a downturn in drilling activity, which translates into fewer jobs, less investment in our communities and less state and local revenue from producing companies.

Our region exists as an oilfield service mega-center. What starts at one level affects every level, ultimately affecting all of us.

It is critical that our country become independent of foreign oil. The U.S. oil industry is a cornerstone for our economy that must be protected and nurtured.

We must secure our current industry that continues to be a vital component of our source of energy.

Yes, this is who we are in south Louisiana. We are oil and gas, and those are not dirty words.

Here's why offshore drilling is bad for Va.

Daily Press, March 15, 2009; http://www.dailypress.com/news/opinion/dp-op_drilling_0315mar15,0,2979200.story

In response to Robert Murphy's Feb. 1 opinion piece, "Why offshore drilling is good for Va." I would like to offer the following:

- He dangles possible royalties as a revenue stream for an economically beleaguered state. The federal government is not interested in sharing these with [Virginia](#).
- He mentions how Americans want our country to produce as much fuel as possible here at home. The [Interior](#)

Department's Minerals Management Services predicts Virginia's potential supply (130 million barrels of oil) at less than seven days of this nation's 20 million barrel a day habit. Murphy feels these reserves could reduce the dependence on foreign oil so many Americans want, but how much would seven days' worth really free us?

- He states that tapping into Virginia's reserves would reduce retail price fluctuations if foreign supplies are disrupted. The amount of oil from Virginia would represent a drop in the world oil bucket and would have a negligible effect on gas prices. Increasing Virginia's supply will not decrease prices.
- He extols the remarkably clean environmental record of modern offshore "energy operations." Current drilling projects in the Gulf of Mexico have destroyed more wetlands than exist between New Jersey and Maine; 180,000 gallons per well of toxic oil well waste mud containing mercury, arsenic and lead are discharged into surrounding waters every day. Can the already troubled Chesapeake Bay tolerate that additional strain?

Here's what Murphy didn't mention:

- Burning oil contributes to air pollution and global warming, and prolongs our dependence on fossil fuels. Virginia's low-lying areas are already being inundated by sea-level rise. Allstate Insurance Company has already stopped writing new policies in all 19 of Virginia's coastal communities. Investment in offshore drilling is investment that will be taken away from clean energy solutions.
- A wind farm with a footprint the size of Virginia Beach could supply the equivalent of 20 percent of the commonwealth's current electricity needs.
- Offshore drilling in Virginia would affect the environment of Maryland, North Carolina, Delaware and New Jersey. Governors in these states oppose offshore drilling.
- The oil industry is using only 18-20 percent of the leases it already has access to. Mobil Oil and Chevron hold leases on offshore fields off Hatteras and the Outer Banks, and continue to contend that they hold some of the largest offshore East Coast deposits of natural gas. Virginia is viewed as the weakest link on the East Coast by the oil and gas industries, the state most likely to cave in to industry lobbying and enable the eventual lifting of the moratorium off the entire Atlantic coast. And there is no leasing scenario or regulatory framework that would allow development of natural gas and not simultaneously promote the development of offshore oil.
- The Navy and NASA are both opposed to offshore drilling; 72 percent of Virginia's offshore drilling zone is within the Navy's Virginia Capes Operating Area, the principal training area for air, surface and submarine units as well as a testing area for new vessels, aircraft and weapon systems. Oil/fire and ordinance don't mix. Florida will be an attractive alternative for the naval fleet if oil rigs are built in Virginia's waters. Can Virginia afford to lose one of its largest employers?
- What would be the effect of one large oil spill that hits beaches during the tourism season? How might that affect Virginia's fishing industry? Don't be fooled by the 50-mile offshore limit. After 3 miles, it's all federal jurisdiction anyway. An oil spill has no equivalent with a wind farm.

We can only hope the General Assembly opposes efforts to authorize drilling off the Virginia coast and explores instead how we will meet our future energy needs cleanly while decreasing our reliance on fossil fuels.

OCS development could create 35,000 new Alaska jobs, study says

Alaska Journal, March 13, 2009; http://www.alaskajournal.com/stories/031309/oil_oil_10002.shtml

By Tim Bradner

Offshore development off Alaska's coasts could create an annual average of 35,000 new jobs in Alaska and \$72 billion in total new payroll over a 50-year period, according to a study by the University of Alaska Anchorage's Institute of Social and Economic Research and Northern Economics Inc.

The growth in jobs resulting from outer continental shelf development could also lead to a 5 percent increase in statewide population, the study said. Most of the growth would be concentrated in Alaska's existing population centers but small coastal communities near the exploration areas could see dramatic expansion, the researchers said.

Shell Exploration and Production paid for the study, which was done over the last year, company spokesman Curtis Smith said. Shell hopes to explore leases in the Beaufort and Chukchi seas.

The study assumed development of a number of offshore projects in three active federal outer continental shelf leasing areas, the Beaufort and Chukchi seas, and the North Aleutian Shelf off the state's southwest coast. Scenarios used were those developed by the U.S. Minerals Management Service in planning the sales, according to Patrick Burden, president of Northern Economic.

The new jobs would include 6,000 directly employed in production and by oil field services companies, 3,000 in support of the infrastructure needed for production, such as pipelines, 22,000 in indirect support work such as engineering and transportation, and 4,000 in the state and local governments near the offshore production areas, Burden said in a briefing held Monday for Anchorage business leaders.

Offshore oil and gas production would also result in an estimated \$15.3 billion in additional state government revenue assuming an average price of \$65 per barrel over the 50-year period, Burden said.

About \$10 billion of that would result because of additional crude flowing through the Trans-Alaska Pipeline System from OCS production. Additional liquids in TAPS would lower tariffs for all oil moved through the pipeline, resulting in higher state royalty and tax revenues to the state from production on state-owned lands, Burden said.

OCS development would also increase municipal government revenues for local governments near the production areas by \$4.5 billion, mostly through new property tax income on onshore pipelines and other support facilities.

Most of the new municipal revenue would go to the North Slope Borough, which borders the Beaufort and Chukchi regions where OCS development could occur.

The scenarios used in the analysis, which were developed by the MMS, include seven major offshore fields and seven production platforms in the Beaufort Sea, four major fields and four platforms in the Chukchi Sea and two field and two platforms in the North Aleutian Shelf area.

Assumptions used in the study, also by the MMS, include new oil production resulting from the developments totaling about 1.5 million barrels per day in 2032.

"Outer continental shelf-related employment growth could more than offset losses from the decline of petroleum production on state lands and could help sustain Alaska's economy for several decades," Burden said.

Plan for big U.S. offshore wind farm moves forward

Reuters, March 13, 2009; <http://www.reuters.com/article/environmentNews/idUSTRE52C4Z920090313>

BOSTON (Reuters) - A \$1 billion proposal to build the first massive U.S. offshore wind-power farm has moved a step closer to overcoming permit requirements in Massachusetts, where it faces opposition from some influential residents.

Cape Wind Associates LLC, a privately funded Boston-based energy company, has proposed constructing 130 wind turbines over 24 square miles (62 sq km) in Nantucket Sound, within view of the wealthy Cape Cod resort region of Massachusetts.

The project, designed to power about 400,000 homes, won tentative approval by Massachusetts authorities for a certificate that combines nine state and local permits needed to build the turbines.

Cape Wind said in a statement on Friday that Thursday's ruling by the Massachusetts Energy Facilities Siting Board represented a "major victory."

The board, created by the state legislature, instructed Cape Wind to work with two towns to agree on "reasonable and customary conditions" for permits for burying electric cables, Cape Wind said.

Opponents -- including some politicians and business leaders with homes on Cape Cod, Martha's Vineyard and Nantucket -- say Cape Wind's turbines would kill migrating birds, threaten the region's lucrative tourist industry and disrupt commercial fishing.

They include U.S. Senator Edward Kennedy along with some environmental groups and local fishermen.

Its supporters, including Massachusetts Governor Deval Patrick and some green groups, say the project would save millions of dollars in energy costs and help the nation reduce reliance on foreign oil at a time of volatile crude prices.

The Siting Board would intervene and decide what conditions are reasonable if Cape Wind fails reach agreement with the seaside towns of Yarmouth and Barnstable, Cape Wind added. The board expects to take its final vote within 60-days.

If formally approved, the so-called composite certificate would conclude all state and local permitting and overturn a Cape Cod Commission procedural denial of the project.

Cape Wind won a favorable environmental review in January from the U.S. Interior Department's Minerals Management Service, which found there would be little negative impact from the project, which would produce an average 170 megawatts.

The Obama administration will decide whether to grant final government approval.

Cape Wind says construction of the turbines, which would stand about 440 feet from the surface of the water to the tip of the blade, could begin by early next year with production starting in 2011 or 2012.

(Reporting by Jason Szep)

Drill Here, Drill Now!

Minneapolis Star-Tribune, March 13, 2009;

http://www.startribune.com/yourvoices/41173447.html?elr=KArksLckD8EQDUoaEyqyP4O:DW3ckUiD3aPc:_Yyc:aUdcOy9cP3DieyckcUsI

By Annette Meeks

On February 10th, President Obama announced his most recent \$787 billion dollar economic stimulus package. Congress willingly went along with this proposed solution and Wall Street and the American consumer responded. Since the plan's inception, the Dow Jones Industrial Average has dropped almost 20%.

We learned today that Congress is contemplating another "more restrained" economic stimulus package – this time they proposed to spend an additional \$500 billion in their attempts to revive our weak economy. I'm no economist but I don't think these stimulus plans are working.

And today's economic news continues to be grim: according to The Wall Street Journal, "economists surveyed this month predict that the economy will shed another 2.8 million jobs over the next 12 months as the unemployment rate climbs to 9.3% by December." Before he was sworn in, President Obama and his new economic team enjoyed positive approval ratings by three-quarters of those same economists. Today, Secretary of the Treasury Geithner's approval ratings are lower than outgoing Bush Secretary Paulson's score.

I'm no economist but I've got a pretty good memory and I've got a suggestion for the Obama Administration that won't cost taxpayers a dime. And it will definitely create some good paying non-governmental jobs in some of the states hardest hit by this on-going recession.

Last year we were paying nearly \$4 for a gallon of gasoline. Polling data showed that nearly 70% of Americans said that it was time for Washington to develop a more permanent solution to our escalating energy costs. Furthermore, that same survey research showed that Americans want an energy supply that was safe and one that was focused on increasing efficiency and sound environmental principles. And late last year, a unique opportunity came about that Congress and the new Administration seem to have forgotten about.

On September 30, 2008 a nearly 30-year moratorium on oil and natural gas exploration in the Outer Continental Shelf (OCS) expired. Senator Jim DeMint of South Carolina introduced legislation (the "Drill Now Act") in the U.S. Senate that would have allowed us to safely and securely access a domestic supply of oil and natural gas exploration with very little environmental impact.

The significant impact of this oil and natural gas exploration would be the direct benefits to our state and family budgets. Experts believe that we can safely gain access to the approximately 18 billion barrels of oil and 78.5 trillion cubic feet of natural gas that is estimated to be buried in the Outer Continental Shelf. This would truly help secure America's energy independence. In addition, billions of dollars in lease and royalty payments would flow into the federal and state treasuries from leases on these lands. We need to look no further than North Dakota, a land rich in oil reserves and a budget surplus, to see the fantastic benefits these natural resources can bring to state coffers.

Furthermore, exploring in the OCS would quickly create some very good paying jobs. It is interesting to note that America's oil industry pays wages nearly twice the national average – a true economic stimulus to those families located in coastal states. In 2006, oil and natural gas exploration and production directly employed 386,000 workers nationwide. A recent study found that nearly 160,000 jobs would be created in the next 20 years if we allowed development of previously off-limits offshore waters.

Most Americans would agree that we need a sound and safe national energy policy. In this time of a deepening economic recession, it makes a lot of sense for Congress to focus on true job and wealth creation. It's time to "drill here, drill now".

Pleas for offshore drilling piling up

NV Daily, March 12, 2009; <http://www.nvdaily.com/news/2009/03/pleas-for-offshore-drilling-piling-up.html>

By Garren Shipley

More Virginia elected officials are piling into the debate over offshore drilling.

Virginia's five Republican congressmen have written to Secretary of the Interior Ken Salazar, asking him to proceed with the sale of oil and natural gas exploration leases off the commonwealth's coastline.

Offshore drilling took on an air of urgency over the summer, when the price of oil hit \$147 per barrel and gasoline was selling for more than \$4 per gallon.

Both presidential and congressional restrictions on offshore oil drilling expired not long after, opening the way for federal rule making -- and the sale of leases for drilling starting in 2011.

But the Obama administration has expressed concern about drilling and has extended a public comment period on proposed lease rules.

Drilling off of the Virginia coast should be a national priority, wrote Rep. Bob Goodlatte, R-6th.

"Our inability to set a national energy policy is affecting all Americans and sucking the lifeblood out of our economy," Goodlatte wrote. "Accessing the resources on our Outer Continental Shelf is one important component to any long-term strategy to reduce our dangerous dependence on foreign oil and Virginia can make a contribution."

Rep. Frank Wolf, R-10th, agreed.

"Exploring Virginia's offshore energy resources is one part of a comprehensive plan we need to address rising energy demands in the U.S," Wolf wrote.

The flurry of letters to Salazar began when Democratic Gov. Timothy M. Kaine wrote to the Bush administration last year urging a more thoughtful approach to federal rule making.

Kaine reiterated his desire for a slow approach in a second letter to the Obama administration earlier this month.

"I believe that no lease sale should be conducted in the Atlantic until the process that you have outlined for the 5-year program is complete," Kaine wrote.

That prompted letters from Republican gubernatorial candidate Bob McDonnell and, later, Lt. Gov. Bill Bolling.

"If the Virginia lease sale is approved, the Commonwealth would achieve an extremely valuable advantage over other states along the Eastern Seaboard as the first state to move forward with offshore exploration and result in significant benefits for our state," Bolling wrote in his letter this week.

Some estimates place as much as 130 million barrels of oil and 1.14 trillion cubic feet of natural gas off Virginia's coast.

"This obviously represents significant deposits of long term energy resources that could produce a tremendous economic benefit to Virginia and the nation," he wrote.

Drilling off the shore could create more than 25,000 jobs and bring billions of dollars into Virginia's economy, he added, citing a study from Old Dominion University.

Mr. Salazar's Repair Mission

NYT, March 12, 2009; <http://www.nytimes.com/2009/03/12/opinion/12thu2.html>

Editorial

Mr. Salazar's Repair Mission

Ken Salazar, the new secretary of the interior, has been working overtime amending or suspending bad policies dumped on the public during the Bush administration's waning days. That may not be entirely fulfilling for someone eager to put his stamp on policy. But it is necessary work and, with one disappointing exception — his decision to uphold a Bush rule removing protections from certain wolf populations — very welcome.

Mr. Salazar's efforts have received strong support from President Obama. At the Interior Department's 160th anniversary celebration, the president pledged that the department's scientists — muzzled and overruled during the Bush years — would be respected. He directed Mr. Salazar to review a Bush rule giving federal agencies far too much latitude to move ahead with projects that could harm threatened or endangered species without first consulting departmental scientists.

Mr. Salazar can't reverse the rule, but he can ignore it while he decides whether to ask Congress to overturn it or begin a new rulemaking process. In the interim, species will receive the protections they always have.

Mr. Salazar has made real progress on other fronts. He has already cancelled some environmentally unsound oil and gas leases in Utah, and he has put the brakes on oil shale and offshore oil drilling initiatives.

Oil shale is seen by some as a kind of energy holy grail, even though nobody has figured out a clean, cost-effective way to extract it. Mr. Salazar has suspended some small leases and pledged to rethink the Bush plan to set aside two million acres of public land for future production. He says he is open to research, but dismissed as "fantasy" the idea that oil shale is a "panacea."

He also rejected Bush administration plans to open vast coastal waters to oil and gas drilling. He agreed that some drilling was inevitable but ordered more time for public comment, promised an updated assessment of reserves and insisted on a broader strategy that would harness power from wind, waves and currents.

We hope that in the course of setting his new strategy Mr. Salazar will halt plans for drilling in sensitive and previously untapped Alaskan waters, especially Bristol Bay. We also urge him not to forget the wolf.

The Interior Department's scientists say that wolf populations are healthy enough, and state protections strong enough, to take the animal off the endangered species list in Montana and Idaho. We do not share their confidence in the states. De-listing allows for some hunting, and hunters in both places are itching to start firing away. Mr. Salazar should be ready to restore protections the instant the long-term survival of the species seems at risk.

Hearing on offshore drilling set for San Francisco

Press Democrat, March 12, 2009;

<http://www.pressdemocrat.com/article/20090311/ARTICLES/903110276/1350?Title=Hearing-on-offshore-drilling-set-for-San-Francisco>

Interior Secretary Ken Salazar to attend April 16 meeting

By GUY KOVNER

Interior Secretary Ken Salazar will attend a public meeting next month in San Francisco as part of his effort to forge a new policy for offshore oil and gas development, including the California coast.

Citizens, public officials, advocacy groups and energy producers are invited to attend the meeting and offer comments at the University of California at San Francisco's Mission Bay Conference Center on April 16.

Similar meetings will be held in Atlantic City, N.J., New Orleans, La., and Anchorage, Alaska in the first two weeks of April.

The meetings are intended to offer "an open, honest conversation with the American people to solicit the best information possible about an offshore energy plan," Salazar said in a statement Wednesday.

North Coast oil drilling foes expressed dismay when a 26-year ban on drilling expired on Oct. 1, while advocates of expanded drilling hailed it as "American Energy Freedom Day."

Last month, Salazar ordered a review of offshore oil and gas development, scrapping a sweeping blueprint for expanded offshore drilling proposed in the Bush administration's final days.

The secretary extended the public comment period on the Bush plan by 180 days and called for a detailed report from Interior agencies on conventional and renewable offshore energy resources. He also ordered four regional conferences to review the findings.

Interior oversees more than 1.7 billion acres on the Outer Continental Shelf, an area roughly the size of the United States.

Critics say the estimated 2.3 billion barrels of oil along the section of California coast that includes the North Coast is too small to justify development that they say threatens tourism and fisheries.

The U.S. consumes about 20 million barrels of oil per day, one-fourth of the world's consumption, and when gasoline prices topped \$4 a gallon last year the "drill now" drumbeat intensified.

A state official told a House committee last month that California remains opposed to expansion of offshore oil and gas development.

VA Republicans Encouraging Oil and Gas Lease

WHSV, March 12, 2009; <http://www.whsv.com/news/headlines/41098392.html>

The Republican members of the Virginia Delegation, led by Congressmen Bob Goodlatte (VA-06) and Eric Cantor (VA-07), sent a letter to U.S. Secretary of the Interior Ken Salazar Wednesday, encouraging the Interior Department to proceed with the oil and gas lease sale that would allow energy exploration and development to take place at least 50 miles from Virginia's shoreline.

In addition to Goodlatte and Cantor, the letter was signed by Congressmen Frank Wolf (VA-10), Randy Forbes (VA-04) and Rob Wittman (VA-01).

At the request of the Commonwealth of Virginia, the Minerals Management Service included Virginia in the current five year Oil and Gas Leasing Program for the Outer Continental Shelf. The MMS has initiated the process of creating a new five year plan and the Republican members of the Virginia Delegation urged the federal government to ensure that Virginia is included in this next plan.

According to a 2005 study by Old Dominion University, during a ten-year period, offshore natural gas development alone would induce capital investment of \$7.84 billion, yield \$644 million in direct and indirect payroll, and result in \$271 million in state and local taxes. These are conservative estimates and actual amounts could be greater and provide an even larger capital infusion to the Commonwealth.

"Our inability to set a national energy policy is affecting all Americans and sucking the lifeblood out of our economy," says Goodlatte. "It is a major long term contributor to the economic instability we are currently experiencing. Accessing the resources on our Outer Continental Shelf is one important component to any long-term strategy to reduce our dangerous dependence on foreign oil and Virginia can make a contribution. It is critical that the Commonwealth of Virginia be allowed to move forward with energy exploration on our coast. Not only will it help to create jobs and grow our economy here in Virginia but it will benefit our national economy as well."

Cantor says, "Deep sea energy exploration is a common-sense policy that will help put Virginia, and the nation, on track to achieving energy independence. This important step could result in additional revenue for the Commonwealth, a portion of which could be used to clean up the Chesapeake Bay and other coastal waterways, as well as build the bridge to a time when space-age technology powers us all. The key to achieving energy independence is to develop multi-faceted solutions that focus on conservation, innovative new technologies and domestic exploration. I strongly encourage Secretary Salazar to continue forward with Lease Sale 220 so that Virginia may play a role in American energy independence."

"Exploring Virginia's offshore energy resources is one part of a comprehensive plan we need to address rising energy demands in the U.S." says Wolf.

"The likelihood of gas prices skyrocketing again in the coming months will create even greater financial distress for American families," says Forbes. "We cannot wait until we are in a crisis to take significant steps towards solving our energy challenges. We must move towards a comprehensive energy solution that includes conserving, tapping into alternative energy sources, and exploring new sources of oil. Further delaying OCS lease sales in Virginia will only set us back in our comprehensive energy efforts, and I encourage Secretary Salazar to deny any request to delay the lease sales."

"We need an 'all of the above' energy policy in the U.S.; which means Washington should encourage all types of energy development including environmentally responsible oil and natural gas production. During these difficult economic times, offshore energy development would create thousands of high paying jobs and millions of dollars in revenues for the Commonwealth," says Wittman.

Salazar promotes renewables, creates climate task force

E&E News, March 11, 2009; <http://www.eenews.net/eenewspm/2009/03/11/4>

Noelle Straub

Interior Secretary Ken Salazar today signed a secretarial order making the production and delivery of renewable energy a top priority for the department.

He also announced the creation of an energy and climate change Interior task force with leadership from each of the bureaus.

"This is another step toward changing how we do business with the department," Salazar said. "We need to steer the country into a new energy path, one that creates new jobs and puts Americans out front in new and growing industries."

His first-ever secretarial order gives priority treatment to processing permits for renewable energy. Its purpose is to "send a loud and clear message that we are in the renewable energy business," he said.

The order also formally established the task force, although Salazar said it has been working since President Obama's inauguration. It will help the department identify specific renewable energy zones on public lands. Interior will also work with other federal agencies, tribes and states to determine where transmission corridors are needed, Salazar added.

"To help us accomplish these goals we may well need to revise existing policies or create new rules," Salazar said. "We need to get our act together first in this department."

For instance, oil and gas companies pay rental fees and royalties, and those concepts also could be applied to renewable energies, Salazar said. "We're going to be looking at all those issues," he said.

The department has already identified about 5,000 miles of transmission corridors in the West. "What we need to do is move that ... forward to conclusion," he said.

Asked which federal department or agency would be in charge or permitting renewable projects, Salazar promised to work across the government. "We ought not to let jurisdictional bureaucracies get in the way."

The Bush administration had proposed regulations to guide the development of offshore energy resources, such as wind, wave and tidal power, but they were not finalized. Salazar said that after holding four regional hearings next month about offshore drilling and renewable energies, some changes likely will be made to the proposed rule, which he hopes can be finished this year.

Salazar said many renewable projects are being inhibited because the federal government doesn't have a "clear way forward."

The Bush administration "focused their time instead almost exclusively on permitting for oil and gas," resulting in a backlog of more than 200 solar energy applications, Salazar said. There are 20 proposed wind projects on BLM land in the West, he added. "With no permits, there can be no jobs for any of the projects," he said.

He said Interior agencies have already identified 20.6 million public acres with wind energy potential, 29.5 million acres with solar potential and 140 million acres with geothermal potential. There is also significant wind and wave potential offshore, he added. Within the past two weeks the Minerals Management Service has been contacted by groups in Massachusetts, New York and Texas interested in developing offshore renewable projects, he said.

Salazar also promised to "responsibly develop" oil and gas resources.

William Meadows, president of the Wilderness Society, praised the move.

"Today's secretarial order marks a new era for the Department of the Interior," he said in a statement. "Interior Secretary Ken Salazar has taken a bold step toward a clean energy economy that will lessen American dependence on foreign oil and decrease fuel prices over the long-term."

Salazar announces meetings in N.J., La., Alaska, Calif.

Greenwire, March 11, 2009; <http://www.eenews.net/Greenwire/2009/03/11/7>

Noelle Straub

Interior Secretary Ken Salazar today announced the dates and locations of four regional public meetings he will hold next month to hear comments on offshore drilling plans.

The meetings will be held at the Atlantic City Convention Center in Atlantic City, N.J., on April 6; Tulane University in New Orleans on April 8; Dena'ina Convention Center in Anchorage, Alaska, on April 14; and at the Mission Bay Conference Center at the University of California, San Francisco, on April 16.

At each hearing, Salazar will present Interior's findings on outer continental shelf energy resources and potential environmental impacts from their development before listening to comments from all interested parties.

Salazar last month announced that the Interior Department will extend until September the comment period on an offshore drilling plan floated by the Bush administration just before leaving office (E&ENews PM, Feb. 10).

Wind farm adversaries have new foe in Salazar

Cape Cod Times, March 11, 2009;

<http://www.capecodonline.com/apps/pbcs.dll/article?AID=/20090311/NEWS/903110323>

By Patrick Cassidy

In saying the proposed Nantucket Sound wind farm "makes sense" and appears to be a "good project," Interior Secretary Ken Salazar is stepping into the nearly decade-long debate over the contentious project with both feet.

Salazar's support for the plan by Cape Wind Associates LLC to build 130 wind turbines in the Sound is in line with President Barack Obama's call for more energy from renewable sources. But it did not sit well with opponents of the plan yesterday.

"We obviously think that Secretary Salazar, with all that he's doing, hasn't seen the complete picture," said Glenn Wattley, president and CEO of the main anti-Cape Wind group, the Alliance to Protect Nantucket Sound.

Salazar's position, stated in an AP interview published yesterday, is important because he must sign off on the project as the head of Interior, which oversees the U.S. Minerals Management Service. MMS is the lead federal agency reviewing Cape Wind. It released a largely favorable environmental report on the project in January. A formal record of decision that would allow Cape Wind to lease 25 square miles on the outer continental shelf could be released after a review of the project's impact on historic and Indian tribal properties is complete, an MMS spokesman said yesterday.

Salazar has yet to fill some key positions, including director of MMS and his assistant secretary, Wattley said. Because he is getting much of his information straight from the MMS staff who put together the environmental report, he has received a positive spin on the wind farm, Wattley said.

It was also unfortunate that Salazar had labeled the project as a case of "not in my backyard," a claim that trivializes the serious environmental and public safety issues involved, Wattley said.

Despite his contention that Salazar's conclusion is premature, there was a "silver lining" in his call for "renewable energy zones" that raises the possibility of permanent protection for locations such as Nantucket Sound, Wattley said.

Salazar's comments were praised by Cape Wind and the company's supporters.

"It's encouraging for just an entire industry that is looking to be launched just off the East Coast," said Barbara Hill, executive director of Clean Power Now, a group that supports Cape Wind.

"We could be realizing up to and probably more than 30,000 jobs for a new industry here," she said, adding that support and incentives from Obama's economic stimulus package would help.

The secretary's comments should come as no surprise to anyone who knows his background or has followed his career in the Senate, Cape Wind spokesman Mark Rodgers said.

"He has been a big booster of renewable energy in his home state," Rodgers said, adding that since his appointment as Interior secretary, Salazar has repeatedly urged the country to move forward with such projects.

A spokeswoman for Salazar wrote in an e-mail to the Times that her boss was carefully reviewing the Cape Wind project but that no decision had been reached.

Mark Forest, chief of staff for U.S. Rep. William Delahunt, D-Mass., said his office had contacted Salazar's office for some clarification about his comments on Cape Wind but had not heard anything as of yesterday.

An informal comment period on the MMS report expires March 21. So far MMS officials have received 360 comments on the final report, including some from other federal agencies that are critical of its contents. Those comments will be posted on the agency's Web site within two weeks of the close of the comment period, MMS spokesman Nicholas Pardi said.

The review of the project's impact on historic and Indian tribal properties is still under way, and Federal Aviation Administration officials continue to study whether the project would be a hazard for air traffic.

The MMS review of Cape Wind is also the subject of an investigation by the Inspector General of the Interior Department, Earl Devaney, who Obama recently named to watch over the money spent in the economic recovery package.

Massachusetts officials have signed off on several important approvals for the project. A procedural denial of Cape Wind by the Cape Cod Commission is currently under review by the state's Energy Facilities Siting Board. The siting board will hold a hearing tomorrow in Boston on a request by Cape Wind to overturn the commission decision and wrap up approvals for a handful of other state and local permits for the project.

Shell report says next Prudhoe is offshore

KTUU, March 9, 2009; <http://www.ktuu.com/Global/story.asp?S=9976690>

by Jason Moore

ANCHORAGE, Alaska -- At a time when Alaska and the nation are suffering job losses, a report released Monday detailed what could be a future boom.

Shell Oil Co. had a study prepared on the economic impacts of oil development on Alaska's outer continental shelf. While it doesn't look at environmental or social impacts, the study says offshore development could be the next Prudhoe Bay.

Northern Economics, a consulting firm, along with UAA's Institute of Social and Economic Research prepared the report, paid for by Shell.

The study claims the development would bring an average annual employment over 50 years of 35,000 jobs.

"If you add all three basins together -- that is the Beaufort Sea, the Chukchi Sea and the north Aleutian basin -- you could be in the realm of a Prudhoe Bay," said Pat Burden, president of Northern Economics.

Shell's exploration drilling in the Beaufort Sea has been stalled by court challenges. But if it's allowed to progress, the company says the development would not be impacted by today's low oil price environment.

"It's something that's kind of away from the day-to-day fluctuations of price. When one looks at the longer term, and (the outer continental shelf) is longer term -- 10 years out in front it becomes less affected or impacted by day-to-day price fluctuations," said Pete Slaiby, general manager of Shell Alaska.

The study says there are numerous benefits to the development: The infrastructure could allow marginal on-shore fields to be developed, helping fill the trans-Alaska pipeline; and lower tariffs could make all North Slope development more economical.

"So if you reduce the tariffs, that means you get a higher wellhead value for the oil, which translates into higher revenues to the state and to the producers," Burden said.

Northern Economics says its estimates are conservative. But the North Slope Borough, which joined the lawsuit against Shell's Beaufort Sea drilling, questions how realistic the predictions are.

"I think that the past year's experience with the price of oil would suggest that making 50-year projections is as much about guess work as they are about science," said David Harding, North Slope Borough spokesperson. "And even in tough economic times I don't think we want to lead people down the path with promises that could turn out to be way off the mark."

And while the economics may look impressive, none of it will happen unless the oil companies can first prove to regulators -- and the courts -- it can do it without harming marine mammals and the waters North Slope communities depend on.

The Ninth Circuit Court of Appeals ruled against Shell's Beaufort Sea drilling last November. But on Friday a three-judge panel rescinded the opinion and said it would issue a new one.

At this point, no one knows what that could mean. Shell hopes to resolve the suit and be drilling in 2010.

Appeals court vacates Shell drilling decision in Alaska

Greenwire, March 9, 2009; <http://www.eenews.net/Greenwire/2009/03/09/6/>

A federal appeals court vacated an opinion issued last year that stopped Shell Oil Co. from drilling in the Beaufort Sea off Alaska's northern coast, but both sides in the case are wondering how to interpret the new action.

The 9th U.S. Circuit Court of Appeals last week did not indicate whether a change in the Nov. 20, 2008, ruling would allow exploration drilling or whether the ruling by a smaller panel of the court's judges will be replaced with a similar decision.

In November, a panel of the court concluded that the federal Minerals Management Service improperly granted Shell permission to drill exploratory wells in the Beaufort Sea in 2007. Judges ordered MMS to reconsider how drilling would affect wildlife and Inupiat subsistence hunting and fishing.

The 9th Circuit panel in November said MMS did not provide convincing reasons why Shell's exploratory drilling plans at specific sites would have insignificant effects on bowhead whales and their migratory routes.

MMS officials disputed the ruling and said the agency had extensively analyzed potential impacts to wildlife. Shell asked for a review by the entire 9th Circuit and postponed exploration for 2009 on leases in the Beaufort and Chukchi seas.

Palmetto wind put to test for wind farm

Myrtle Beach Sun News, March 9, 2009; <http://www.thesunnews.com/news/local/story/812488.html>

Offshore energy farm could be a first

By Claudia Lauer

Santee Cooper is looking to put some wind in the sails of its green energy initiatives.

The state-owned utility will announce today the launch of two strings of research buoys equipped to measure wind speed and flow off the coast in Georgetown and Little River. The Palmetto Wind Research Project will determine whether the S.C. coast could be a viable spot for an offshore wind farm, which if built would be a first in the U.S.

"We recognized two years ago that the world was changing and we needed a strategic vision of where we wanted to go knowing climate change was a real thing in people's minds and that legislation requiring alternative energy efforts was going to be likely," said Lonnie Carter, president and chief executive officer of Santee Cooper. "So we set a goal that 40 percent of our resources by 2020 would come from nongreenhouse-gas-emitting resources. We set aside 280 megawatts of power, and we think if the wind project data comes back positively, we might be able to get 80 megawatts from that."

If the research shows wind is viable, then environmental and economic studies and governmental applications would begin - along with possible objections. Offshore wind power is not without its problems or controversy, the project partners admit.

"There's nothing that we do that doesn't have some sort of environmental impact. The question comes down to what balance we can make and whether or not the energy produced will be an answer for that," Carter said. "There are people who will say, 'We don't want to see these towers from the windows of our \$2 million home.' If the research supports moving forward, we will give the public ample opportunity to voice all of their concerns."

Santee Cooper, the S.C. Energy Office, Coastal Carolina University and N.C. State University have partnered to research wind projects in the Carolinas for several years, starting with building on-shore wind towers at the North Inlet, Waties Island and other locations to measure wind at the shoreline. On-shore towers have been ruled out as a large-scale source of energy because the shoreline creates a barrier against wind.

"There are strong indications that there are sufficient winds offshore to make this work, depending on the sliding scale of the cost for setting this up," said Paul Gayes, director of the marine and wetland program at CCU. "With

what we've seen on-shore, there is potential for household or private energy production for single facilities, but large scale, it isn't there. We have to look offshore."

To find optimal winds, buoys will be placed at intervals where they will register wind data to about six miles offshore. Gayes said with good data a test tower could go up as soon as six months after the buoy launch, tentatively scheduled for mid-March. The tower would need to collect a full year of seasonal data to show wind's possible contribution to the state's energy needs.

The first hurdle for potential offshore energy projects is the lack of a federal regulatory framework. Most projects, based on wind-shelf data, need to be more than three miles offshore, in federal water. The federal Mineral Management Service under the Bush administration was scheduled to release a set of standards for offshore energy projects in December, but decided to leave the drafting of those standards to the Obama administration. The tricky part of those regulations is in addition to tackling alternative offshore energy projects, they could open the door for controversial offshore drilling for oil and natural gas deposits.

Once any regulatory hurdle is crossed, the project likely will face opponents, who say the towers have negative effects on the environment and the economy. The project will have to be cleared to make sure it doesn't interfere with shipping lanes or commerce, with rescue routes or Coast Guard stations, with habitats or migratory paths for certain bird species, with Federal Aviation Administration tracking equipment or with commercial fishing areas.

Santee Cooper will also have to deal with issues of how to safely and cheaply transfer the energy to the grid through new infrastructure, a venture that increases in cost the farther the towers move offshore. Many current designs are also built to withstand up to a Category 3 hurricane, but no higher. Carter said the structural technology probably will improve by the time the project would proceed.

The project's effect on the landscape and local tourism could also become a concern.

"We certainly think in the pursuit of alternative energy resources, we should keep at the forefront protecting the coastline and the local tourism industry. We would insist that the leaders at the state and national level consider the impact on the tourist industry before moving forward with policy because whatever amount of money will come in or be saved with wind energy, that is only a fraction of the money local tourism brings in," said Brad Dean, president and chief executive officer of the Myrtle Beach Chamber of Commerce.

Georgetown County Administrator Sel Hemingway said he has high hopes for the research in terms of building a local green industry.

"I think it potentially has an effect on the economy in that it would certainly involve jobs in the construction process and in maintenance as well," Hemingway said.

Gayes said the state Energy Office has been moving forward with community education to try to prevent a situation similar to that facing the Cape Wind project off Nantucket Sound in Massachusetts, a seven-year-old project that, despite receiving many of the necessary approvals, has been stalled by local groups that don't want 130 towers in the ocean outside their windows.

Lovely corals, looming threats

Press Register, March 9, 2009; <http://www.al.com/news/press-register/metro.ssf?/base/news/123659015795530.xml&coll=3>

By KATHERINE SAYRE

As scientists probe the depths of the Gulf of Mexico in search of corals, questions remain about the future of the fragile creatures in the face of threats worldwide.

Deep-sea corals live in very cold waters, thousands of feet below the surface, where sunlight can't reach, and humans have a difficult time visiting.

Many form large bushes or mounds as they grow over many decades, building homes for crabs, fish and worms in an otherwise barren bottom. Scientists are in the midst of a four-year study of these kinds of corals in the Gulf in an effort to learn more and better protect them.

"Biologically this is a site of productivity, this is a site that we find life in a very diverse sense successfully occurring, and so you cannot dismiss that," said Will Schroeder, a retired scientist from the Dauphin Island Sea Lab, who has researched deep-water corals. "You can't say, 'What a pretty little place,' and move on."

The Minerals Management Service and National Oceanic and Atmospheric Administration plan to examine many aspects of deep-water corals, including how they grow on the thousands of oil and gas platforms that have crept into deeper waters.

According to federal statistics, oil and gas companies have leased more than 3,300 tracts of sea bottom at depths of greater than 1,000 feet — prime territory for corals. About 70 percent of the oil and 40 percent of the gas produced in the Gulf comes from wells drilled in deeper water.

Protection for corals

Greg Boland, a biological oceanographer with Minerals Management Service, said for the most part, deep-water corals in the Gulf have been protected thanks to a different kind of scientific discovery in the 1980s.

Explorers found mussels and worms feeding on chemicals released in seeps from the sea floor — often a signal of the presence of oil. The creatures process the chemicals, leaving behind a hard substance on the sea floor, often a good place for corals to grow.

Boland said oil and gas companies are required to stay away from these areas, which protected the corals "almost by default," although Minerals Management Service officials are formally adding corals to a protected list.

But there has been at least some evidence of damage. According to a 2007 federal survey, scientists found evidence that an anchor line associated with oil and gas exploration harmed hard corals in the Gulf.

President George W. Bush, before leaving office this year, created a marine monument to protect 195,000 square miles of Pacific islands, reefs and underwater sea volcanoes and vents, home to a wide range of fish, shellfish and birds. The monument — or protected zone — bans commercial fishing and limits recreational fishing.

A similar proposal in the Gulf, which would have scaled back drilling and fishing in some areas, died last year after opposition from senators from Alabama and Louisiana concerned about the future prospect of energy supplies.

The proposal, called "Islands in the Stream" would have created several marine sanctuaries around corals from Texas to Florida.

Trawling the bottoms

One of the biggest threats to corals worldwide has been commercial trawling, as fishing boats drag weighted nets along the sea bottoms.

The issue has sparked outcries for protecting corals in several countries. Bottom trawling off the coast of Scotland was recently banned after a cold-water coral bank, known as Darwin Mounds, was damaged.

In Florida, commercial trawlers decimated swaths of a deep-water coral system on the eastern coast, known as Oculina Banks, in recent decades. The fishing gear has since been banned, although it's unclear if the corals will recover.

"Worldwide, trawling is one of the primary threats to deep-water corals, but we haven't seen that much evidence of it in the Gulf of Mexico," said Erik Cordes, a principal investigator on the four-year study and an assistant professor at Temple University.

Most shrimp trawling — a lucrative business in the Gulf — happens closer to shore at less than 160 feet deep.

But hunting for Royal Red shrimp off Florida, Texas and Alabama occurs in deeper waters, up to 1,600 feet.

In 2007, more than 386,000 pounds of Royal Reds landed on Alabama's shores — the vast majority of that year's catch of the premium shrimp. Of about 270 permits to trawl for Royal Reds in the Gulf, 40 are registered to Alabama and 11 to Mississippi, according to federal records.

According to the 2007 federal survey, Royal Red shrimpers usually trawl on soft bottoms away from the corals, "but damage could occur if the shrimp habitat is adjacent to coral communities or if equipment is erroneously deployed in coral habitat."

Climate change

Researchers and conservationists also warn of another threat to corals — a less visible killer known as ocean acidification.

As huge amounts of carbon dioxide are released into the atmosphere, Cordes said, the ocean absorbs close to half of it, pumping up the acidity levels of the water. This could possibly disable the chemical process that allow corals to grow.

In the past 50 years, the ocean's pH level worldwide has already dropped about one-tenth of a point, he said.

"It doesn't sound like a lot, but if the pH drops by another two-tenths or three-tenths, then corals will not be able to lay down their own skeletons," Cordes said.

Dave Allison, senior campaign director with conservation group Oceana, said deep-sea corals need extra protection even if the dangers aren't imminent. Federal regulators, including the Gulf of Mexico Fishery Management Council, have the authority to protect them, he said.

"The thing that's really of concern is the unanticipated threats," Allison said. "You really need to protect those things that are subject to being easily destroyed. ... If you want to understand the ecosystems, your first job is to save all the pieces."
