



**NATIONAL
OCEAN
INDUSTRIES
ASSOCIATION**

March 30th, 2009

John Goll
Regional Director, Alaska OCS Region
Minerals Management Service
3801 Centerpoint Drive, Suite 500
Anchorage, Alaska 99503-5820

**NOIA COMMENTS ON MMS ARCTIC MULTIPLE SALE DEIS PROPOSED
NOVEMBER 2008 (FR19de08-165)**

Dear Mr. Goll:

NOIA welcomes the opportunity to comment on the November 2008 Draft Environmental Impact Statement (DEIS) for Oil and Gas Lease Sales 209, 212, 217, and 221 in the Beaufort Sea and Chukchi Sea Planning Areas of the Alaska Outer Continental Shelf (OCS).

NOIA represents hundreds of companies, both majors and independents, engaged in all aspects of domestic offshore energy production, including exploration, production, equipment manufacture, service and supply, transportation and other related offshore support sectors. Either directly or indirectly, our member companies are all working to explore for and produce energy resources from the nation's Outer Continental Shelf (OCS) in an environmentally sensitive manner.

The OCS is a major component of the domestic natural gas and oil supply for this country. Providing over 27% of the oil and 14% of the natural gas produced in this country, the OCS is vital to our energy security. Making sure the Arctic plays a role in providing resources to the country will be critical in going forward toward enhancing our domestic energy security.

This notice is, therefore, of particular importance to us.

NOIA completely supports an affirmative decision by the Department of the Interior (DOI) and the Minerals Management Service (MMS) to hold these sales on the timeline set by MMS's 5-Year OCS Oil and Gas Leasing Program for 2007-2012. The timely offering of OCS tracts is critical to the nation's ability to have access to a critical supply of energy from these two highly prospective frontier areas.

General Comments

NOIA commends MMS for developing a comprehensive DEIS with much valuable information about the offshore and onshore effects of OCS oil and gas exploration, development and production. This information will help the DOI and MMS make sound decisions about which tracts to offer and under what terms and conditions. It also provides strong support as to why going forward with these sales can happen in an environmentally sound way.

As individual sales within the Multi-Sale Arctic Draft Environmental Impact Statement continue to be analyzed and go forward, they will help further define the shape and scope of domestic offshore energy development opportunities and determine the extent to which the nation is committed to addressing its growing energy supply problems. These individual sales will lead to significant investment in jobs, technology and infrastructure and will also serve as a catalyst for significant revenue streams into the federal and Alaskan treasuries, as well as benefit all of the conservation programs funded with Outer Continental Shelf receipts. In addition, these sales will help play a significant role in the development of domestic energy reserves to fuel our economy. Going forward with these sales will send a message that the Five-Year OCS Leasing Program is a national, and not just a regionally-focused, program.

We recommend that the environmental impact statement fully analyze the exemplary safety and environmental record of the domestic offshore natural gas and oil industry. The offshore oil and gas industry is one of the safest workplaces in America, with an injury rate that is nearly 70% lower than all of private industry and 50% lower than the petroleum industry as a whole. The offshore oil and natural gas industry produces about 4 million barrels of oil equivalent per day. Only 7 barrels of petroleum (or .0002% of production) is released daily, as compared with 1,700 barrels of oil per day from natural seeps. (National Research Council, 2002.) There has not been a major spill of any type from an OCS production platform in 25 years. There has not been a major spill from a blowout on an OCS production platform in 35 years. There has only been 1 catastrophic fire in the past 8 years, and none since 2000.

We further recommend that the environmental impact statement fully consider both the socioeconomic impacts of producing energy from many of the areas of the offshore, as well as the socioeconomic impacts of NOT producing energy from many of the areas of the offshore. We recommend that the agency consider and analyze those impacts for all of the American people, living in all 50 states, since the resources of the OCS including the Beaufort and Chukchi Seas are owned by the whole country.

Specific Comments

NOIA offers the following specific comments on the DEIS:

- We request the analyses of potential effects of the action alternatives be immediately followed by expected mitigation factors, so that readers can clearly recognize the

environmental protections in place for OCS activities.

- In the Executive Summary, the description of Alternatives in Chapter 2 and the Comparison of Alternatives in Chapter 4, MMS says repeatedly that there are no direct or indirect effects of the “No Action Alternative” -- not holding the Beaufort Sea and Chukchi Sea sales. We strongly disagree with this statement.

For the foreseeable future until major alternative energy sources become viable enough to produce vast amounts of energy, not holding OCS lease sales and not developing our domestic oil and gas resources means the U.S. will continue to import even more oil from foreign countries.

From a global perspective, the environmental effects of not holding the Beaufort Sea and Chukchi Sea sales are therefore likely significant and deserve thoughtful discussion in this document. The development and tanker transport of imported oil are, in essence, trans-boundary effects that have real environmental costs. Selection of the no action alternative equates to a decision for the U.S. to continue to import more oil and, in effect, to export the associated environmental effects. The no action alternative also would have serious negative effects for the United States’ balance of payments and national income, including loss of domestic jobs, let alone a substantial reduction of receipts flowing to the U.S. Treasury.

For the last decade, all of the MMS’s Alaska offshore oil and gas EIS’s have clearly presented these negative effects of the no action alternative. MMS must restore this important language in all three above-mentioned sections of this EIS. Without such language restored, this EIS is inaccurate and leaves the impression that there are no negative results from not developing our OCS oil and gas resources.

- The Executive Summary and Chapter 2 of the draft EIS include a table, entitled: *Summary of Impact Conclusions for the Alternatives*. The table states repeatedly that the Beaufort and Chukchi Sea sales would provide a “negligible increase in tax revenues and employment.” And also that . . . “the increases would taper off to even smaller percentages in the later years of production.”

These statements are based on outdated information that dramatically understates the benefits that would accrue to the State of Alaska and especially the North Slope Borough from OCS development in the arctic. We request MMS to update these EIS sections.

- In its 2006 assessment, the Minerals Management Service stated the mean estimate of undiscovered technically recoverable resources to be 15.38 trillion cubic feet of gas for the Chukchi Sea and 8.22 trillion cubic feet of gas for the Beaufort Sea. We believe the responsible development of these resources could provide multiple well paying jobs and indirectly could lead to the employment of many individuals and urge that the EIS fully explore that relationship.
- OCS leasing in Alaska’s Beaufort and Chukchi Seas has been supported by extensive

scientific study and baseline development over many, many years. There have been, over this same time period, a series of exploration wells that have been successfully drilled in these seas. This DEIS and all other documents should continue to portray these studies and achievements in a fair and balanced manner.

Thank you for the opportunity to provide these comments.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. Kearns', with a large, sweeping underline that extends to the right and then curves back under the signature.

Michael Kearns
Director, External Affairs
National Ocean Industries Association