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Offshore drilling is not worth the risks to the Florida gulf coast
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Durbin, Burris vote to block offshore drilling & allow Obama administration to control exploration
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Jarid Brown

One year ago amid public outrage over $4 per gallon gasoline, Senate Democrats finally abandoned their attempts to renew a ban on offshore drilling and allow the Department of Interior to institute a procedural change to allow offshore oil and natural gas extraction on previously banned land. One of President Bush's final acts in office were to approve a plan drafted by the Department of Interior that would streamline the land-lease program and start allowing additional offshore exploration.

Although a weakening global economy has provided a temporary reprieve from the high prices of a year ago, the fact remains that nothing has been accomplished to address high energy prices, increase oil & natural gas exploration or enact legislation to prevent wholesale speculation. After taking office, the Obama administration moved quickly to prevent the Bush plan, drafted under authority of congress, from being instituted. Newly expedited Land-lease options that were awaiting Interior Department approval were indefinitely tabled and as a result the administration effectively ended any progress toward expanded US exploration and extraction.

Last week, Senate Republicans offered an amendment to HR2996 that would require the Department of Interior to carry out the 2008 mandate, produce rules for additional land-leases and effectively reverse the President's unilateral obstruction of the 2008 legislation. Senate Democrats defeated the proposed amendment on a 56-42 vote. Illinois Senators Durbin and Burris once again voted along party lines. As a result, the Obama administration maintains complete authority over the implementation of the 2008 legislation to allow an expansion of US oil exploration. Under the legislation, the Obama Administration will have until 2012 to produce a revised land-lease program that allows an expansion meaning that the current administration policies will continue unhindered.

Offshore drilling is not worth the risks to the Florida gulf coast
St. Petersburg Times, September 27, 2009; http://www.tampabay.com/news/business/energy/offshore-drilling-is-not-worth-the-risks-to-the-florida-gulf-coast/1039446

Dan DeWitt
The Gulf of Mexico at Bayport is clear enough that James Frost could look down from the pier Tuesday and see crab traps a dozen feet underwater. The view offshore was of barrier islands covered with palms and sawgrass and not much else.

"I'm going to die here," said Frost, 48, of Virginia, who after his visit last week planned to move to Hernando County. "I came out here yesterday and said, 'Ahhh, thank you, Jesus.' "

For all the talk of Florida's diminished appeal, its coast still has this effect on people — draws them to visit, persuades them to live here. As former U.S. Sen. Bob Graham once said, shoreline is to Florida what mountains are to Colorado.

"When you start to quantify it with a dollar amount, you're talking about billions of dollars in tourism and wildlife viewing," said Joe Murphy, Florida program coordinator for the Gulf Restoration Network.

"Leave it alone, and you can cash those checks for 10 generations."

I called Murphy last week after the Times' statewide environmental reporter, Craig Pittman, wrote about the plans of a mysterious company, Florida Energy Associates LLC, to drill in state-controlled water between 3 and 10 miles offshore — and about a powerful lawmaker's proposed bill to allow drilling as close as 5 miles out.

The Pinellas beaches would be off limits. So would the Florida Keys and aquatic preserves stretching from Levy County to the Panhandle. That leaves a major gap off the coast of Pasco, Hernando and Citrus counties that Murphy calls the "oil drilling sacrifice zone."

He hates the idea, of course, and from the pier pointed out what we'll likely see if the state Legislature approves the bill:

An industrialized shoreline, with stations to separate water and natural gas from the oil, as well as docks and, maybe, new channels dug to shuttle crews and supplies to the rigs.

We would be able to see those rigs, of course, but not the releases of mercury and other toxins in the "mud" used to lubricate drill bits. There could be devastating spills such as the one coming from a wellhead (a modern, high-tech one, by the way) that is currently spewing thousands of barrels per day off the coast of Australia, or smaller ones that in the United States account for a total of 3,898 barrels, on average, every year, according to an industry group.

Drilling so close to shore means these spills would go directly into estuaries and seagrass beds off Hernando and Citrus that are vital to the gulf's fishery.

"From an environmental perspective, from a habitat perspective, there's no difference from what's in Levy County and what's right here," Murphy said.

Then you hear from Florida Energy representatives, who say that mud is just that — wet clay — that will in any case be shipped onshore and recycled.

The drilling rigs are not the multistory giants used in deep water, but "jack-up" platforms barely visible from shore, and removed as soon as the wellheads can be linked to pipelines, said Ryan Banfill, who works for a Tallahassee public relations firm hired by Florida Energy.

The murky water and tar balls associated with drilling in Louisiana and Texas come from a combination of natural soil conditions, Banfill said, and old, "Eisenhower-era" rigs and pipelines. Florida Energy, on the other hand, will use the latest, cleanest and safest equipment.

And, though he didn't say this, the drilling sacrifice zone could also be called the out-of-work zone.

Hernando's and Pasco's unemployment rates are more than 12 percent. The shoreline here is less of a draw to tourists than, for example, the beaches of Pinellas. And both counties desperately need to develop industry other than housing.

If Florida Energy can find as much oil in state water as it says — 16 billion barrels over the next 20 years — it would create 231,000 jobs.

What to make of all this?

Well, there's no doubt drilling is cleaner than it once was. Even Richard Charter, a veteran anti-drilling activist from California, said the industry has reduced the levels of toxins in the mud and that it is no longer mixed with petro-chemicals.

But it's also clear that spills, at least minor ones, are possible, and even likely. And the assurances that Banfill and other industry representatives offer, that local government would have the power to control onshore industrial use and that the Legislature can impose environmental restrictions on drilling, are not reassuring at all, considering the company is wealthy enough to have hired some of Tallahassee's most powerful lobbying firms.

Also, I wouldn't get overly excited about the potential windfall from drilling locally, or the environmental threat for that matter.

Though Doug Daniels, a Daytona Beach lawyer working for Florida Energy, said the estimates of oil reserves come from major companies — and that his employer wasn't prepared to write off any part of the gulf — Banfill said this figure was "an extrapolation" of a 1995 U.S. Geological Survey study. The survey found potential reserves of 3 billion barrels, mostly off the coast of the Panhandle or far to the south of us, near Lee and Collier counties.

Even those reserves are "small potatoes," said Charter, who thinks Florida Energy's real goal is not drilling in state waters but getting Floridians used to the idea of offshore rigs. That would allow the industry to undermine a 2006 federal law that bans drilling within 125 miles of the state's coast.

That sounds plausible to me, which is one reason I don't think our economic future lies with offshore drilling. It's a potential threat not only to sources of income Murphy likes to talk about, eco-tourism and fishing, but one he doesn't mention, housing.

But, it's not just the drilling; it's the fossil fuels it produces. They're dirty. They contribute to global warming (oh, yes, it's real alright). They can't hope to provide the world's energy needs as more and more of the planet's 6.6 billion residents start driving cars and otherwise gobbling up resources the way Americans do.

Maybe you're tired of hearing this, but France generates 80 percent of its electricity from nuclear power, and, in Costa Rica, 95 percent of the energy comes from wind and solar.

It would be smarter to put the money and effort spent on expanding drilling rights into exploring those kinds of alternatives.

It would be smarter still to make at least a token effort at conservation. Those "Drill here! Drill now!" bumper stickers would be a lot more persuasive if they didn't always seem to be plastered on pickups that get 17 miles to the gallon.

Expanding Offshore Drilling Boosts American Economy, Creates Jobs
Bixby Bulletin, September 26, 2009;
http://www.bixbybulletin.com/articles/2009/09/26/opinion/doc4abd3294d96af987150014.txt

Frank Lucas

Last year, following a dramatic price spike in gas prices and very vocal call by the American people to increase American-made energy, Congress and then-President George W. Bush ended a decades-long ban on offshore drilling. Even though the Department of the Interior has jurisdiction over our coasts, Congress had used its power to spend to eliminate offshore drilling by restricting the funds necessary to develop offshore drilling. After President George W. Bush lifted the Executive Order banning offshore drilling in July, Congress followed suit by no longer restricting funding for offshore drilling projects in the appropriations packages.

However, more than a year later, we have still not progressed on this because of delays imposed by the Obama Administration. In March, President Obama announced that he would extend the comment period another six months. That comment period ended on September 21st, but in a move signaling what could be an indefinite delay, Interior Secretary Ken Salazar announced that it could be 2012 before the administration decided whether or not it would allow offshore drilling.

The American people, the United States Congress, and the White House made it very clear last summer they wanted to develop the energy resources off our coasts. Instead of following the will of the people and this Congress, however, the Obama Administration has used one stall tactic after another to delay drilling as long as possible. Drilling in the outer-continental shelf will not only decrease the cost American families pay for energy, it will also create jobs, encourage economic growth, bring in much-needed revenues to many coastal states, and will help us break our dangerous reliance on foreign oil.

According to the American Energy Alliance Report, drilling in the outer-continental shelf would generate $8 trillion in economic output and 1.2 million jobs annually across the country. At a time when unemployment is near 10% and our dependency on foreign oil continues to cost Americans money, jobs, and national security, we cannot turn our backs on offshore drilling. Now is the time to begin expanding all our American-made energy options, and that includes drilling on the outer-continental shelf.

Comments on proposed 5-year OCS plan surpass 530,000
Oil and Gas Journal, September 25, 2009; http://www.ogj.com/index/article-display/7725282705/s-articles/s-oil-gas-journal/s-general-interest-2/s-government/s-2009/s-09/s-comments-on_proposed.html

Nick Snow

WASHINGTON, DC, Sept. 25 -- The number of public comments on the US Minerals Management Service's evolving 5-year Outer Continental Shelf plan has surpassed 530,000, MMS Director S. Elizabeth Birnbaum said on Sept. 25.

The US Department of the Interior agency received the comments after Interior Secretary Ken Salazar added 6 months on Feb. 10 to obtain additional input on a draft proposed plan that his predecessor, Dirk A. Kempthorne, launched in late summer 2008.

MMS had counted more than 350,000 submissions after the extended comment period expired on Sept. 21, Birnbaum said (OGJ Online, Sept. 24, 2009). The total passed 530,000 after the agency reviewed more submissions, including several which had been mailed at the last minute, she indicated.

She said it will probably take several weeks to review and analyze the comments. After that time, the agency will initiate environmental analysis and public scoping opportunities on the draft proposed plan, Birnbaum said.

Hearing explores federal ocean plan
Cape Cod Online, September 25, 2009;
http://www.capecodonline.com/apps/pbcs.dll/article?AID=/20090925/NEWS/909250318/-1/NEWSMAP

By Patrick Cassidy

PROVIDENCE, R.I. — The seas are getting crowded.

From recreational and commercial fishing, transportation and shipping to renewable energy generation, aquaculture and conservation, the world's oceans are quickly being inundated with competing uses.

Now the federal government is joining states such as Massachusetts and Rhode Island in developing a master plan for offshore waters.

A task force established in June by President Barack Obama to recommend a national policy for the country's oceans and Great Lakes met yesterday at the Rhode Island Convention Center in Providence to hear from New Englanders on the group's ambitious job.

The hearing was the third of six to be held across the country as the task force prepares its recommendations for the president.

Massachusetts officials are currently accepting comments on their own plan for state waters out to 3 miles off the coast.

A final version of the state's plan must be completed by Dec. 31 under the Oceans Act of 2008.

That effort, specifically the use of so-called marine spatial planning, was repeatedly pointed to by task force members as a possible example for the federal plan.

Marine spatial planning is a tool for analyzing different, and sometimes competing, uses in ocean waters to determine which areas are best suited for which activity and where certain activities should be banned.This ocean zoning technique has been used in Europe.

Although the task force has not progressed far enough to say whether federal waters will be mapped for different uses similar to what was done in a draft plan produced by Massachusetts officials, maps are an option, Nancy Sutley, chairwoman of the task force and the White House Council on Environmental Quality said before the public hearing.

Potential conflicts are evident in local waters off Cape Cod and the islands, where proposed tidal and wind energy projects, fishing and ferries are but a few of the activities that are ongoing or proposed for the area in and around Nantucket Sound.

The Woods Hole, Martha's Vineyard and Nantucket Steamship Authority alone makes 22,000 trips with 3 million passengers each year, Captain Charles Gifford, port captain for the ferry line, told task force members before a room of more than 150 people.

"Simply moving a vessel's track line farther east, west, north or south is not an option," Gifford said.

Ferry operations cannot be forced to change for fixed structures in the sound, he said, adding that wind farms are known to affect marine radar.

A final decision on the proposed Nantucket Sound wind farm is pending a review of the impact of the project on historic and tribal sites, Laura Davis, associate deputy secretary with the Department of Interior, said before the hearing.

The U.S. Minerals Management Service, a division of the Interior Department, is the lead agency to review the project.

A memorandum of understanding — one way the historic and tribal review process could end — was prepared for review at a meeting scheduled for next week, Davis said.

That meeting has been postponed, a spokeswoman for the Interior Department said last night.

The plan by Cape Wind Associates, LLC, to erect 130 wind turbines in the sound was proposed prior to the start of substantive ocean planning efforts at the state or federal government.

It has undergone a permitting process largely separate from the federal government's offshore renewable energy and ocean zoning initiatives.

It is important that the federal ocean policy take into account local and regional input, Cheryl Andrews—Maltais, chairwoman of the Wampanoag Tribe of Gay Head (Aquinnah) told the panel.

"When a resource is shared, traditionally everyone who has a stake in it has a voice in how it is utilized," she said.

The federal government should make data it collects easily accessible and support regional groups already working on ocean policy, Deerin Babb-Brott, assistant secretary for Oceans and Coastal Zone Management for the Massachusetts Executive Office of Energy and Environmental Affairs told the task force.

In addition to marine spatial planning, the task force's emphasis on an ecosystem-based management was commendable, said Don Anderson, a senior scientist at the Woods Hole Oceanographic Institution.

But more funding for monitoring and observation was necessary, Anderson said.

"In effect, we need to instrument and model the ocean the same way we do with weather on land," he said.

The task force's work was a "big step in the right direction," Christopher Mann senior officer at the Pew Environment Group said prior to his own testimony before the task force.

Mann, who was the Ocean and Coastal Policy Director for the Pew Oceans Commission, one of two commissions whose work presaged the task force's work, said this is the first time the federal government has spoken with a unified voice about a national ocean policy.

But benefits from the national policy must be clear to local communities, he said. "If it ain't delivering benefits at the local level, it will die on the vine."

Group pushes for Gulf drilling legislation
Bradenton Herald, September 25, 2009; http://www.bradenton.com/847/v-print/story/1730254.html

By CARL MARIO NUDI

BRADENTON — Looking to influence the future of oil drilling in the Gulf of Mexico, an advocacy group has been traveling Florida promoting its ideas.

Florida Energy Associates is pushing for an energy policy that includes alternative energy development, energy conservation and domestic oil production, according to Doug Daniels, a Daytona Beach attorney representing the group.

The effort comes at a time when legislation to allow oil and gas drilling along the coasts has been persistently pursued at both the state and federal level. On Wednesday, the U.S. Senate voted against an attempt to keep in place a plan by the Bush administration to allow oil and gas drilling along the Atlantic and Pacific coasts.

The 56-42 vote killed a proposal by Sen. David Vitter, R-La., that would have blocked the Obama administration from pursuing its own policy on offshore drilling.

And the Florida Legislature, most agree, will consider legislation when it reconvenes to lift at least part of the ban on drilling in the Gulf .

Florida Energy Associates contends that the two sides debating drilling in the Gulf are more interested in the politics than in solving the nation's energy needs. The group's financial backers are a "group of American patriots who would not be doing anything that would damage our environment," said David Rancourt, a lobbyist with the Southern Strategy Group who also represents Florida Energy Associates.

Rancourt called the investors "wildcatters or independent oil men," mainly from Texas and Louisiana.

"They are finding places in the U.S. with lots of oil that have been bypassed," he said. Daniels and Rancourt said polls show the majority of Florida residents support drilling in the Gulf, but they want to have an open debate on the issues.

Several environmental and tourist development groups have consistently opposed any oil drilling in Florida waters because it is a heavy industry that could damage the beaches and coastal environment.

“Florida’s economy is based on clean beaches and a healthy environment,” said Glenn Compton, chairman of ManaSota-88, an environmental watchdog group, “not storage tanks and pipelines.”

Compton said there is no guarantee that there would not be a spill, “and the ability of the oil industry to respond is questionable, at least.”

To bolster its position on the need for drilling off the Gulf coast of Florida, Florida Energy Associates commissioned Florida economist Hank Fishkind to study the economic impact.

Based on federal estimates of 3 billion barrels of oil in the area between 3.5 to 10 miles off Florida’s Gulf coast, Fishkind’s report said the state would realize $2.2 billion a year in royalties over a 20-year period if oil was selling at $75 a barrel.

The report also said there would be more than 43,000 new jobs with a $7.6 billion a year impact on the state economy.

At the state level, Sen. Mike Bennett, R-Bradenton, said a bill to allow drilling would go through the Community Affairs Committee, which he chairs, and he would give it a “fair and impartial hearing.”

But Bennett said he generally is not in favor of offshore drilling.

“The problem is that the more we drill, the more we delay developing alternative energy methods,” he said.

The senator also said he planned to have the Century Commission, a group interested in developing a sustainable economy in Florida which he helped organize, convene a conference to study the issue.

The Florida Chamber of Commerce, meanwhile, is conducting a new survey of its members that asks whether they would support or oppose “energy exploration in the Gulf of Mexico off the coast of Florida as long as any permanent structures necessary for oil and natural gas production are not visible from shore.”

At the federal level, Sen. Bill Nelson, D-Fla., has been fighting for years to keep drilling off Florida shores, especially in the Gulf.

In Wednesday’s vote, Nelson sided with the majority, and “viewed the vote as an attempt to bring drilling closer to the state of Florida,” said Bryan Gulley, spokesman for Nelson.Newly appointed Sen. George LeMieux, R-Fla., voted for the amendment.

Cash on the oil barrelhead
Sarasota Herald Tribune, September 24, 2009;
http://www.heraldtribune.com/article/20090925/OPINION/909251031/2198/OPINION?Title=Cash-on-the-oil-barrelhead

Interior secretary had good reasons to halt a royalty-in-kind program

In a television commercial featuring Yogi Berra, the baseball legend, says this about a benefit of the supplemental insurance he's hawking: "They give you cash, which is just as good as money."

Berra's tortured use of the English language makes the Aflac duck in the commercial shake its head in confusion. But this "Yogi-ism" makes more sense than the way oil and gas companies have paid nearly half of the royalties they owed to the U.S. government and the American public.

Interior Secretary Ken Salazar recently announced the end of a so-called royalty-in-kind arrangement that previous administrations had condoned. Salazar acted for three good reasons:

Government Accountability Office investigations found that the Minerals Management Service failed through last year to adequately track royalty payments, which oil and gas companies are required to pay in order to drill on federal lands -- on land or offshore, including in the Gulf of Mexico.

The GAO determined that the MMS, a federal agency in the Interior Department, didn't collect at least $21 million due last year. Other government reports indicated that oil companies might have misreported revenues and underpaid $160 million in royalties during 2006 and 2007, according to The New York Times.

End ing in-kind royalties is the only certain way to restore some semblance of credibility to the entire royalty program.

The credibility of MMS offices responsible for the royalty-in-kind program was undermined last year when the Interior Department's inspector general found evidence that at least 13 employees were involved in unethical behavior such as rigging contracts, working part-time as private oil consultants and having sexual relationships with -- and accepting golf and ski trips and dinners from -- oil company employees.

The inspector general's report cited a "culture of substance abuse and promiscuity" involving a small group of individuals "wholly lacking in acceptance of or adherence to government ethical standards."

The investigation found that, between 2002 and 2006, nearly a third of the 55-person MMS staff in a Denver office received gifts and gratuities from companies, including Chevron, Shell, Hess Corp. and Gary-Williams Energy Corp.

Unfortunately, many of those employees administered the royalty-in-kind program that let companies barter with the government -- providing their own products as royalty payments instead of cash. The Associated Press has reported that the government received $4.3 billion in royalty-in-kind payments last year.

The royalty-in-kind program is complex and subject to manipulation by the MMS and energy companies.

Instead of paying all the royalties in cash, companies have provided oil and gas to the MMS. The arrangement required the agency to negotiate the value of the oil and gas with the companies.

The MMS, in turn, sold the oil and gas to refiners on the open market or stashed the fuel in the Strategic Petroleum Reserve.

The process, in effect, let the companies trade their products to the government instead of paying cash -- a sweet deal for the companies.

Oil-industry groups are complaining, saying that making cash payments will require more oversight than the barter-and-sell system. As the Aflac duck says: Huh?

In light of all these problems, and the fact that the reserve has adequate supplies, Salazar was right to put an end to the in-kind payments.

The new policy will require all royalties to be paid in cash, which, as Yogi says, is just as good as money.

Wind power a factor in sea plan for East Coast
Miami Herald, September 24, 2009; http://www.miamiherald.com/news/florida/AP/story/1249583.html

By RAY HENRY

PROVIDENCE, R.I. -- The Obama administration must juggle competing interests surrounding offshore wind farms proposed for the East Coast as it decides how the nation's ocean waters can be used, officials said Thursday.

Wind power was among several concerns Obama's Ocean Policy Task Force heard during a public meeting in Providence, its only stop on the wind-rich East Coast. The meeting came a week after the task force recommended creating a National Ocean Council to coordinate and hold accountable a hodgepodge of federal agencies responsible for conservation and marine planning.

The task force's next job is figuring out what uses the country should allow in its waters and where. Three states - Massachusetts, Rhode Island and Maine - are already creating their own management plans, in part to decide where offshore wind turbines could be placed.

"Offshore of the northeastern states is the most wind-rich area of the country," said Melville Cote Jr., manager of the ocean and coastal protection unit of the New England region of the U.S. Environmental Protection Agency.

Speakers who addressed the task force repeatedly asked the group to keep local concerns in mind when considering ocean uses.

No offshore wind farms have been constructed in the United States, but projects have been proposed in waters off states including Massachusetts, Rhode Island, Delaware and New Jersey.

Peter Mandelstam, president of Bluewater Wind LLC, said wind projects that are in development should be allowed to proceed while the task force simultaneously works out its rules for the use of coastal and ocean waters.

The eastern market offers natural advantages for the wind power industry, including a long, shallow coastal shelf that makes building wind turbines cheaper and easier than in deeper waters, said Mandelstam, who serves as chairman of the American Wind Energy Association's Offshore Wind Working Group.

Those wind turbines would also serve a market that already faces some of the highest electricity prices in the country because of its reliance on fossil fuels.

When setting rules on wind turbines, the task force should also consider the needs of passenger vessels, said Beth Gedney, director of safety, security and risk management for the Passenger Vessel Association. Gedney said more attention should have been paid to the needs of ferries shuttling passengers to Martha's Vineyard and Nantucket as regulators considered a plan to build 130 turbines in Nantucket Sound in Massachusetts.

Boxer, Kerry plan Sept. 30 bill intro
E&E News PM, September 24, 2009; http://www.eenews.net/eenewspm/2009/09/24/1

Ben Geman

Sens. Barbara Boxer (D-Calif.) and John Kerry (D-Mass.) plan to introduce their sweeping cap-and-trade bill to reduce greenhouse gas emissions on Wednesday, Sept. 30, according to sources on and off Capitol Hill.

The release will push Senate climate maneuvering into a new phase, giving lawmakers specific proposals to highlight -- or attack -- ahead of floor debate that may occur later this year.

"I don't know that it changes opinions necessarily, but at least you can talk about specific provisions, and maybe the debate can narrow down to specific items, as opposed to just generally whether you are for or against the idea," said Sen. Ben Nelson (D-Neb.), a conservative Democrat who has criticized cap and trade as a way to curb emissions.

Boxer chairs the Environment and Public Works Committee and Kerry helms the Foreign Relations Committee.

A lobbyist familiar with the Senate deliberations said that Sept. 30 is the planned introduction date with hearings planned the following week and an EPW Committee markup the week of Oct. 12 or Oct. 19.

The bill is also expected to include contributions from the Finance and Agriculture committees. New Agriculture Chairwoman Blanche Lincoln (D-Ark.) today said she envisions contributing the bill without a formal markup in her panel.

"I have certainly indicated to them that I am looking forward to the role that agriculture can play," Lincoln said. "Our hope is that we will be able to offer recommendations, and we will hope that those will be some recommendations that can be incorporated into the bill.

"I don't think it will be a necessity that we have to mark anything up. I hope it won't be," she added.

Finance Chairman Max Baucus (D-Mont.) still plans to mark up provisions on international trade and allocation of emissions allowances, provided the bill is "clearly moving," he said earlier this week. Kerry plans to contribute to the bill without a markup in his panel (E&E Daily, Sept. 23).

Boxer and Kerry's offices declined to confirm the bill's introduction date.

Senate Democratic leadership hopes to bring a climate bill to the floor this year, but it remains unclear whether the measure will find a spot in a busy calendar. The House approved a sweeping measure, H.R. 2454, in late June that aims to reduce nationwide greenhouse gas emissions by 17 percent by 2020 and 83 percent by 2050.

Oil Industry Sets a Brisk Pace of New Discoveries
NYT, September 24, 2009; http://www.nytimes.com/2009/09/24/business/energy-environment/24oil.html?hpw

By JAD MOUAWAD
The oil industry has been on a hot streak this year, thanks to a series of major discoveries that have rekindled a sense of excitement across the petroleum sector, despite falling prices and a tough economy.

These discoveries, spanning five continents, are the result of hefty investments that began earlier in the decade when oil prices rose, and of new technologies that allow explorers to drill at greater depths and break tougher rocks.

“That’s the wonderful thing about price signals in a free market — it puts people in a better position to take more exploration risk,” said James T. Hackett, chairman and chief executive of Anadarko Petroleum.

More than 200 discoveries have been reported so far this year in dozens of countries, including northern Iraq’s Kurdish region, Australia, Israel, Iran, Brazil, Norway, Ghana and Russia. They have been made by international giants, like Exxon Mobil, but also by industry minnows, like Tullow Oil.

Just this month, BP said that it found a giant deepwater field that might turn out to be the biggest oil discovery ever in the Gulf of Mexico, while Anadarko announced a large find in an “exciting and highly prospective” region off Sierra Leone.

It is normal for companies to discover billions of barrels of new oil every year, but this year’s pace is unusually brisk. New oil discoveries have totaled about 10 billion barrels in the first half of the year, according to IHS Cambridge Energy Research Associates. If discoveries continue at that pace through year-end, they are likely to reach the highest level since 2000.

While recent years have featured speculation about a coming peak and subsequent decline in oil production, people in the industry say there is still plenty of oil in the ground, especially beneath the ocean floor, even if finding and extracting it is becoming harder. They say that prices and the pace of technological improvement remain the principal factors governing oil production capacity.

While the industry is celebrating the recent discoveries, many executives are anxious about the immediate future, fearing that lower prices might jeopardize their exploration drive. The world economy is weak, oil prices have tumbled from last year’s records, corporate profits have shrunk, and global demand for oil remains low. After falling to $34 in December, oil prices have doubled, stabilizing near $70 a barrel. But if the world economy does not pick up, some analysts believe the price could fall again.

Oil companies contend that is not a prospect they can afford. Despite reaping record profits in recent years, many executives have warned that they need prices above $60 a barrel to develop the world’s more challenging reserves. In fact, some exploration activity has already slowed this year, as producers seek better terms from service companies and contractors.

It is not just oil that is benefiting from the exploration boom. Repsol, Spain’s biggest oil company, said this month that it had discovered what could turn out to be Venezuela’s biggest natural gas field. In recent years, companies have found substantial natural gas reserves in the United States, from shale rocks once believed to be impossible to drill.

“The No. 1 question that exploration teams have right now is, Where do we go next?” said Robert Fryklund, who ran the operations of ConocoPhillips in Libya and Brazil, and is a vice president in Houston at Cambridge Energy Research Associates.

Exploration spending swelled in recent years, partly to offset a doubling of costs throughout the industry — from steel prices to the cost of renting deepwater drilling rigs. A big issue confronting the industry now is how to drive down costs while maintaining a high level of exploration. On average, costs have fallen by 15 to 20 percent from their peak, according to petroleum executives.

Exploration remains a risky, and costly, business, where some deepwater wells can cost up to $100 million. From 30 to 50 percent of exploration wells find oil.

Some executives are also worried the world might face a shortfall in supplies in coming years if another decline in oil prices causes exploration to falter.

The chief executive of the French oil giant Total, Christophe de Margerie, has warned that such a supply crunch is possible by the middle of the next decade. “There could be a shortage of capacity,” he said.

His concerns echoed those of Abdullah al-Badri, the secretary general of the Organization of the Petroleum Exporting Countries, who said that lower oil prices also threatened investments by OPEC nations.

Saudi Arabia is also unlikely to expand its production in coming years because of the uncertainty clouding future oil demand, Ali al-Naimi, the kingdom’s oil minister, signaled earlier this month. Saudi Arabia is just completing a $100 billion program to increase its capacity to 12.5 million barrels a day, from around 9 million barrels a day just a few years ago.

Although they are substantial, the new finds do not match the giant fields discovered in the 1970s, like Alaska’s Prudhoe Bay, Ekofisk in the North Sea, or Cantarell in Mexico. They are also dwarfed by the last enormous discovery, the Kashagan field in the Caspian Sea, discovered in 2000 and estimated to hold over 20 billion barrels of oil.

“We have not seen another Kashagan, but still these finds are very material,” said Alan Murray, the exploration service manager at Wood Mackenzie, a consulting firm in Edinburgh.

Since the early 1980s, discoveries have failed to keep up with the global rate of oil consumption, which last year reached 31 billion barrels of oil. Instead, companies have managed to expand production by finding new ways of getting more oil out of existing fields, or producing oil through unconventional sources, like Canada’s tar sands or heavy oil in Venezuela.

Reserve estimates typically rise over the life of a field, which can often be productive for decades, as companies find new ways of getting more oil out of the ground.

The industry’s record has improved in recent years, thanks to high prices. According to Cambridge Energy Research Associates, oil companies have found more oil than they produced for the last two years through a combination of exploration and field expansions.

“The appetite for opening new frontiers when prices were low in the 1990s was very small,” said Paolo Scaroni, the chief executive of Italy’s oil giant Eni. “Today, the biggest discovery of all is technology.”

One of the largest finds this year was made by a small producer, Heritage Oil, at the Miran West One field in the Kurdistan region of northern Iraq. It found nearly two billion barrels of oil and plans to drill a second well before the end of the year. While the central government of Iraq has had a hard time attracting investors to develop its huge fields, local authorities in Kurdistan have been successfully wooing foreign producers.

Meanwhile, in the Gulf of Mexico, BP’s discovery proves that the area remains one of the most promising oil regions in the United States. BP has estimated that the Tiber field holds four billion to six billion barrels of oil and gas, which would be enough, in theory, to meet domestic consumption for more than a year.

“In 30 years I’ve been in the business, the Gulf of Mexico has been called the Dead Sea countless times,” said Bobby Ryan, the vice president of global exploration at Chevron. “And yet it continues to revitalize itself.”

Senators May Vote on Cutting Off Debate on Bill

CQ Today, September 23, 2009;
http://www.cq.com/document/display.do;jsessionid=D52CF143D3EFBF0E8BF45A650BB498C0.upolu?matchId=86979302

By Avery Palmer

After rejecting a proposal to expand offshore drilling, senators are expected to vote to cut off debate on the Interior-Environment spending bill unless a deal can be reached by Thursday morning.

Senators were still trying to agree Wednesday evening on which amendments they will consider. Majority Leader Harry Reid, D-Nev., has filed cloture on the fiscal 2010 bill (HR 2996), which will require a vote by Thursday morning to cut off debate.

John Ensign, R-Nev., wants a vote on his amendment that would freeze the bill's spending at fiscal 2009 levels. As is, the bill would provide $32.1 billion for the Interior Department, the EPA, the Forest Service and related agencies, a 16 percent increase from the $27.6 billion provided for fiscal 2009.

On Wednesday, senators voted, 56-42, to table, or kill, a motion by David Vitter, R-La., to codify the George W. Bush administration's five-year plan to drill for oil and gas in new areas off the U.S. coasts. The Obama administration is now considering changes to the plan.

The Senate also voted, 72-26, to kill an amendment by Claire McCaskill, D-Mo., that would have eliminated earmarks under the National Park Service's Save America's Treasures program.

Amendments that the Senate may consider Thursday include a proposal by Ben Nelson, D-Neb., to require the EPA to allow 15 percent ethanol blends in gasoline. Also pending is an amendment by Lisa Murkowski, R-Alaska, that would block the EPA from regulating greenhouse gases from stationary sources, such as power plants, for one year.

Oil industry attacks Obama's G-20 fuel subsidies plan
E&E News PM, September 23, 2009; http://www.eenews.net/eenewspm/2009/09/23/3

Ben Geman

Oil industry groups today attacked a White House plan for working with other G-20 nations on phasing out fossil fuel subsidies, alleging the proposal would kill jobs and sap capital from energy production.

As the G-20 prepares to meet tomorrow and Friday in Pittsburgh, the White House is arguing that phasing out subsidies should be a pillar of efforts to fight climate change.

Obama administration officials have not provided details of their approach or which U.S. subsidies it would target, but oil industry officials nonetheless called the emerging effort a bad idea.

"His [President Obama's] call to 'phase out fossil fuel subsidies' is a wrong-headed approach that should be seen for what it really is: A giant tax hike on American consumers," American Petroleum Institute President Jack Gerard said in a statement.

The Independent Petroleum Association of America similarly attacked the effort, claiming it would essentially be a tax increase that would slow domestic production and hence harm energy security.

"Why it [the administration] would choose to hand the nation's energy future to foreign leaders like Hugo Chávez, whose hatred for our country is as clear as the glistening spittle he spews in his anti-American speeches, is clearly a tragic miscalculation," IPAA President Barry Russell said.

Gerard also said the plan could end the Low Income Home Energy Assistance Program, or LIHEAP. But a senior White House official told reporters yesterday that the plan specifically would not affect targeted fuel programs that aid the poor.

Michael Froman, the deputy national security adviser for international economic affairs, said LIHEAP is "exactly the sort of subsidy that we're not interested in phasing out."

Froman briefed reporters on the plan yesterday (ClimateWire, Sept. 23). He cited Organisation for Economic Co-operation and Development estimates that eliminating fossil fuel subsidies worldwide would cut greenhouse gas emissions by up to 12 percent by 2050.

"To put that in context, as you recall from our various climate change negotiations and positions, our objective is to reduce greenhouse gases by 50 percent, globally, by 2050. So this would be a significant down payment on the effort to meet the global goal for 2050," he said.

G-20 countries with major subsidies include Russia, China and India.

Froman shed little light on which U.S. subsidies could be on the chopping block, and the extent to which it might target tax breaks for oil producers in particular is not clear.

"I think we're not taking anything, particularly, off the table," Froman said. "I think if it falls into the right category of subsidies for fossil fuels, we'd have to look at our own programs as well as others." Obama's domestic budget proposal calls for ending roughly $31.5 billion in industry tax breaks over a decade.

Froman offered a much different take on the energy security argument than the oil industry groups.

"On enhancing energy security," he said, "lowering energy subsidies obviously, again, leads to reduced consumption, lower import demand, increased availability of energy for export -- all helping to reduce the likelihood that there's a future supply crunch."

Proposed rule changes for US OCS operators
Oil and Gas Journal, September 23, 2009; http://www.ogj.com/index/blogs/health-safety-environment/s-blogs/s-OGJ/s-health-safety-environment-blog/s-post987_7553003009816512322.html

The US Minerals Management Service has proposed a rule that could mean more reporting requirements for operators of mobile offshore drilling units.

MMS proposed a safety and environmental system (SEMS) requirement for oil and gas operations on the Outer Continental Shelf.

“Though not directly addressed in this rulemaking, MODUs will likely feel its effect via the operator’s accountability for contractors and subcontractors,” the International Association of Drilling Contractors said in its August Drillbits newsletter.

The SEMS would consist of four parts: hazards analysis, management of change, operating procedures, and mechanical integrity. IADC believes the proposed SEMS rule could increase injury and illness record-keeping requirements.

Specifically, IADC believes the proposal means that the MODU owner needs to work with the operator to:
--Conduct a job hazard analysis to identify and evaluate hazards of all tasks for drilling operations.
--Review all operating procedure policies to ensure they reflect current practices.
--Verify procedures are in place to ensure equipment used in drilling operations are designed, fabricated, installed, and tested in a manner consistent with service requirements, manufacturer’s recommendations, and safety standards to promote safe and environmentally sound operations.

Jindal urges expansion of offshore drilling
Forbes, September 23, 2009; http://www.forbes.com/feeds/ap/2009/09/23/business-financial-impact-us-jindal-offshore-drilling_6922615.html

BATON ROUGE, La. -- Gov. Bobby Jindal is urging the Minerals Management Service to expand offshore drilling, but to also pay Louisiana more to fix the damage offshore drilling has caused to the state's coast.

Jindal staked out his position on offshore drilling in a letter to the MMS, which is considering a Bush-era proposal to expand offshore drilling.

In the letter, Jindal said more drilling in federal waters would meet a host of needs the nation has - from creating jobs to reducing its dependency on foreign oil.

But he added that MMS has failed to recognize the damage offshore energy production has done on Louisiana.

Virginia looking to offshore wind power
Virginia Business, September 23, 2009; http://www.virginiabusiness.com/index.php/news/article/virginia-looking-to-offshore-wind-power/201632/

Virginia is establishing a task force to facilitate off-shore leasing for wind-powered energy.

Gov. Timothy M. Kaine has sent a letter to the director of the U.S. Department of Interior's Minerals Management Service to develop a local, state and federal task force to guide the leasing process. Kaine said offshore wind developers have contacted the state with interest in leasing federal waters off Virginia's coast to develop wind power.

"There is great potential for offshore wind development not just off the coast of Virginia but all along the Eastern Seaboard," Kaine said in a statement. "With the great resources in the Hampton Roads region, Virginia has the added potential to be the manufacturing and economic center for this burgeoning green industry."

Developing wind power is part of Kaine's Virginia Energy Plan and among recommendations from the Governor's Commission on Climate Change.

Who's Looking At Natural Gas Now? Big Oil
NPR, September 23, 2009; http://www.npr.org/templates/story/story.php?storyId=113080237

by Tom Gjelten

In the energy world, Big Oil has long been the key player — with one notable exception: The natural gas business in the United States is dominated by small, independent companies. More than 80 percent of U.S. natural gas supplies are produced by companies with a market capitalization of less than $500 million. On average, these companies have only a dozen employees.

But their business is booming. New production techniques in recent years have enabled companies to extract natural gas from shale rock formations deep underground. As a result, estimates of accessible natural gas reserves have been revised dramatically upward. Small gas producers can justifiably take the credit for the transformation of their industry.

"The major oil companies haven't been paying attention to the U.S. for decades," says Robert Hefner, a 50-year veteran of the natural gas business with a company of his own, GHK Exploration, in Oklahoma City. "It's been a lot of independents like us that have found all this gas, developed the technology and made it happen."

Hefner attributes the proliferation of small natural gas companies to the fact that individual landowners generally retain the mineral rights to their own property. "In America, if [your] dream is to drill a well, you can go out and drill a well," Hefner points out. "As a result, there's been about three-and-a-half-million wells drilled in America over the years, versus about a million and a half for the rest of the world."

Mom-And-Pop Businesses

Many of those natural gas wells are mom-and-pop operations, or began that way. Often they evolve into slightly larger companies, but even the publicly traded companies are generally small. Those that survive in the energy world have learned to leverage their size.

"We certainly don't have an advantage when it comes to capital," says J. Russell Porter, chairman and chief executive of Gastar Exploration, a Houston-based company with just 23 employees. "The large companies can spend a lot more money than we can. But we can be very quick on the draw, if you will, to seize an opportunity and buy into a new concept or a new area that we think could be prospective for natural gas. If we do that, we usually have a first-mover advantage."

U.S. Energy Consumption, By Fuel Type
Natural gas accounts for just 22 percent of the nation's energy consumption. Natural gas advocates say that increased use would mean a cleaner environment and less dependence on foreign oil.

The agility of small companies is an important strength in a field where the ability to move fast is key to maintaining a competitive edge. But there is also a more practical reason small companies dominate the U.S. natural gas business. Typically, a new gas well produces in abundance in the year after it's opened, but then production begins to decline. If a natural gas company is to keep production and revenue steady, it has to keep drilling new wells. The energy majors may not have the patience for that effort.

"Big oil companies like big projects that they can manage over 30 and 40 years," says Nikos Tsafos, natural gas analyst at PFC Energy in Washington. "They prefer those over the project that you need to stay on top of every single day, every single month."

There's no dispute on that point from the oil majors. "With a company our size, we have to have a larger scale," says Patrick McGinn, spokesman for Exxon Mobil's exploration arm. "We have to have a potential resource that has more capability for us to go after."

Managing Innovation And Risk

The natural gas industry, in fact, serves as a case study demonstrating how business strategies vary according to a company's size. From small to large, energy companies manage innovation and risk in ways appropriate to their own circumstances.

Gastar Exploration, like many other natural gas companies, is currently focused on the Marcellus shale formation in the Appalachian basin, perhaps the most promising area for natural gas development in the United States today. But the company has so far limited its activity in the area to a few shallow wells in West Virginia, choosing to let a few larger gas companies take the lead in the area.

"We look at what they're doing," says Gastar CEO Porter. "[We] let them drill some of the early wells, try to determine which drilling techniques work the best, and then once they have done that trial and error and established a pattern that works, we can go in and design our wells without having that trial-and-error phase, which can be very expensive."

The challenge of managing risk is important in any new industrial venture. In the natural gas business, the smallest companies in some ways can be the most adventurous. The new investments they make are tiny compared with what a large company would make. But they will still try to shift as much of the risk to their rivals as they can, just as Gastar is doing.

A Magnet For Big Oil

Paradoxically, the biggest energy companies follow a similar strategy, though in their case they try to shift risk to their smaller rivals. Shale production in the United States looks so promising right now that the big oil companies are thinking about getting back into the natural gas business. Exxon, for example, is looking at some possible shale "plays" in the United States, but — like Gastar — the company is biding its time before making a big move.

"We've taken a couple of years to really work on the technology that's required to do the exploration and production of these kinds of shale plays," says spokesman McGinn. "Doing the homework and doing the technology development takes some time for us, and we are willing to wait for that."

The possibility of Exxon's entry into the U.S. shale gas business would have major implications for a "micro-cap" company like Gastar Exploration, but Porter, Gastar's CEO, is not overly concerned.

"We can live on the fringes if necessary," he says. Or Gastar could just let the big oil companies take over some of its gas operations — for the right price.

"If Exxon came in and wanted to become a dominant player in the Marcellus shale, I'm sure there are lots of small operators who would be willing to sell out to them if they were willing to pay full value," Porter says. "There's always going to be another play for us to go invest in and start creating value all over again."

It's all part of the natural gas business game.

Obama offers a hand to Senate negotiations over cap-and-trade bill
E&E Daily, September 23, 2009; http://www.eenews.net/EEDaily/2009/09/23/2

Darren Samuelsohn

President Obama told global leaders skeptical of Congress' ability to pass climate legislation that he will take a personal role in the Senate global warming debate.

At the United Nations in New York yesterday, Obama said he would try to help break the gridlock on Capitol Hill that has Senate Democratic leaders openly questioning whether a climate bill can be finished before a major U.N. negotiation summit this December in Denmark.

"Most importantly, the House of Representatives passed an energy and climate bill in June that would finally make clean energy the profitable kind of energy for American businesses and dramatically reduce greenhouse gas emissions," Obama said, partially defending his administration's record on climate change. "One committee has already acted on this bill in the Senate, and I look forward to engaging with others as we move forward."

Obama personally lobbied a number of reluctant House Democrats in the closing days before the House floor vote earlier this spring. But in the Senate, the president has been focused on an equally complex health care bill, leaving most of the global warming work to top administration advocates like White House energy and climate adviser Carol Browner.

Environmentalists, and some of their allies on Capitol Hill, have been urging Obama to get more personally engaged on the climate bill.

"President Obama said many of the right things in his speech to the United Nations, and his personal commitment to action on this issue is not in question," said Alden Meyer of the Union of Concerned Scientists. "But the real test is whether he can work with Senate leaders to get meaningful action on clean energy and climate legislation in the few months remaining before the Copenhagen climate summit."

Damon Moglen, global warming campaign director at Greenpeace USA, was far less diplomatic. "President Obama left nothing but disappointment in his wake, merely running through a catalog of totally inadequate domestic measures and offering nothing in the way of improved commitments on emissions cuts or funding for the developing world," Moglen said. "Move along, nothing to see here."

At a press conference in New York, Browner was asked if she thought Congress could complete the climate bill by 2010. "You all follow Congress," she said. "We all know that how the schedule works in Congress can change abruptly. It can go faster, it can go slower. What we need is comprehensive legislation, and we're going to do our best to get it as soon as we can."

If Congress does not act, Browner said, industry is likely to face a series of court rulings that force it to reduce its emissions. She cited Monday's decision by a federal appeals court in New York that said states and land trusts could use common law to sue a greenhouse gas emitter for causing a public nuisance.

"What this means is the courts are starting to take control of this issue," Browner said. "And if they were to follow this logic out, they would be setting standards. Obviously, that's not something that anybody wants. We need a unified set of rules for the country. We need to give the businesses the kind of predictability and certainty so they can make the capital investments that are going to get us the kind of reductions we need.

"That is best done through legislation," Browner added. "I think whether it's the Supreme Court case of several years ago, this more recent decision, everything is moving toward getting legislation done because it is the best way to do it."

'The reality of the calendar'
Back in Washington, Senate Democratic leaders have been offering mixed messages about the prospects for the global warming and energy package that Sens. Barbara Boxer (D-Calif.) and John Kerry (D-Mass.) aim to introduce shortly.

Majority Leader Harry Reid (D-Nev.) yesterday sidestepped a question about whether he would hold a vote before the end of the year on the Boxer-Kerry legislation. "We're going to push climate as hard and as fast as we can," he said.

Majority Whip Dick Durbin (D-Ill.) was also circumspect about Obama's call for moving the climate bill. "I want to get to all of these issues this year, as the president has asked us to," he said. "But I think Senator Reid is reflecting the reality of the calendar, and we just have to see what we end up with. Senator Boxer is preparing for the debate. She's ready. But the question is whether we have the time to treat this issue as it should."

Boxer and Kerry are still aiming to release their legislation before the end of the month, though Kerry yesterday tried to give himself a little bit of wiggle room for its formal unveiling.

"That's our current plan," said Kerry, the chairman of the Foreign Relations Committee. "But we've got a lot of drafting to do between now and then. But we're working on it."

For her part, Boxer would not give any specifics when asked about her timeline for moving the bill through the Environment and Public Works Committee. "We're going to mark up shortly," she said. "As soon as we've held the requisite number of hearings."

Finance Chairman Max Baucus (D-Mont.) also said yesterday that he is still planning a markup for key pieces of the climate bill that deal with international trade and allocation of allowances.

"I'm going to take my cues largely from leader Reid to see what his schedule is, and how quickly climate change is moving this year," said Baucus, who is currently in the center of negotiations over the health care legislation. "If it looks like it's clearly moving, we're going to mark up."

Kerry said he is now unlikely to hold a markup on his pieces of the climate bill in the Foreign Relations Committee. Instead, he said he was leaning toward adding his pieces to the bill before it gets introduced.

As for other committees that have a role in the climate bill, including Agriculture and Commerce, Kerry said he expected the bill will include placeholder language that makes sure no amendments get offered on those issues during the EPW Committee markup. "And then we'll put something final together with the leadership," he said.

Several small Senate working groups also continue to orbit around the principal climate authors. Sen. John McCain (R-Ariz.), for example, said he is in talks with Sens. Joe Lieberman (I-Conn.), Lindsey Graham (R-S.C.) and Maria Cantwell (D-Wash.) on a number of contentious issues that are unlikely to be resolved by the Boxer-Kerry legislation.

McCain also said he doubted whether the Boxer-Kerry proposal would do enough to satisfy his demands for greater incentives for the nuclear industry.

"I'll take second place to no one on climate change," McCain said. "I introduced the first cap-and-trade bill on the Senate floor. I introduced the second. All of them had nuclear power as a component. The radical environmentalists are driving the agenda. And for someone to say that they have a robust nuclear element, I'd love to see it. There's been no indication of it."

Other Senate Republicans appear far less willing to engage with the Obama administration.

"In the final analysis, President Obama's speech today was a failure," said EPW ranking member James Inhofe (R-Okla.), "A failure to define success, a failure to provide real solutions for international energy security, and a failure to sketch the outlines of a meaningful international climate change agreement that will pass the Byrd-Hagel test," referring to the 1997 Senate resolution.

"Nearly 1 in 10 Americans are looking for work," added Sen. John Barrasso (R-Wyo.). "President Obama's scheme is for less American energy production. Less energy production will mean fewer jobs for Americans."

Defending the Senate's prerogative
Uncertainty over the timing of the Senate climate debate has prompted heated complaints from some traditional U.S. allies. For example, John Bruton, the former Irish prime minister and now European Commission ambassador to the United States, issued a statement last week questioning the U.S. commitment to success in Copenhagen.

"I submit that asking an international conference to sit around looking out the window for months, while one chamber of the legislature of one country deals with its other business, is simply not a realistic political position," Bruton said.

By contrast, Australian Prime Minister Kevin Rudd defended the Obama administration and Congress during a press conference in New York.

"Remember, the fundamental change occurred with the change in U.S. administration," Rudd told reporters. "The United States has now said for the first time they're going to move toward an emissions trading scheme, that was not the case before. The United States is re-engaged in the global negotiating game, that was not the case before. And there is still some ways yet to go between now and Copenhagen."

Several senators yesterday also insisted that it is their prerogative to take as much time as they need on the global warming bill.

"The Europeans are our friends and allies and we need to work with them and the rest of the world on this climate change issue," Durbin said. "But unfortunately, the European Union doesn't have control over the Senate calendar. And Senator Reid, I think, is being honest that this is becoming problematic the longer it takes for us to get to health care."

McCain was more blunt when it came to Bruton. "I don't think there's 10 Americans," he said, "that know who he is."

Vitter Amendments for Approps Bill Would Limit EPA Regulatory Power
NYT, September 22, 2009; http://www.nytimes.com/gwire/2009/09/22/22greenwire-vitter-amendments-for-approps-bill-would-limit-26991.html

By ROBIN BRAVENDER, NOELLE STRAUB AND BEN GEMAN of Greenwire

Sen. David Vitter (R-La.) has introduced two amendments to U.S. EPA's annual spending bill aimed at limiting the agency's authority to regulate carbon dioxide emissions.

The measures are among at least 50 amendments on a wide range of contentious issues being offered to the Interior-EPA spending bill currently on the Senate floor. Majority Leader Harry Reid (D-Nev.) said senators must introduce amendments today because he wants the chamber to wrap up work on the bill quickly and turn to the defense appropriations bill this week. It remains unclear which, if any, of the amendments will be brought to the floor for a vote.

Vitter has filed an amendment (pdf) that would prohibit any funding from the Interior-EPA spending bill from being used to regulate carbon dioxide emissions until both China and India have signed international agreements that require a percentage of carbon dioxide emission reductions similar to that required in the United States.

The senator filed a separate amendment (pdf) to prohibit EPA from finalizing or implementing the agency's proposed "endangerment finding" until the agency conducts an evaluation of the potential loss or shifts of employment that may result from finalizing the proposed rule. The agency released its draft finding in April, which would establish greenhouse gases as pollutants under the Clean Air Act and pave the way for future regulations (Greenwire, April 17).

The Louisiana Republican introduced another amendment (pdf) that would prevent EPA funding from being used to terminate or reduce programs at EPA's National Center for Environmental Economics. The office has become the focal point of a GOP probe questioning the transparency of the Obama administration's efforts to develop carbon dioxide regulations (E&ENews PM, Sept. 15).

Vitter's amendments come as EPA plows forward on rules that answer the Supreme Court's 2007 Massachusetts v. EPA decision that ordered EPA to reconsider whether greenhouse gases are pollutants subject to regulation under the Clean Air Act, as well as a nationwide standard to control greenhouse gas emissions from automobiles (Greenwire, Sept. 10).

Another Vitter amendment (pdf) would require EPA to spend $1 million in an arrangement with the National Academy of Sciences in which the academy would conduct a study of the cancer and noncancer health effects of formaldehyde.

Biofuels

Sen. Tom Harkin (D-Iowa) has prepared an amendment (pdf) that would bar EPA from using the bill's funds to consider emissions from "international indirect land-use changes" when implementing the national biofuels mandate.

A 2007 law that expanded the biofuels mandate requires that ethanol and other renewable fuels have, by varying degrees, lower lifecycle greenhouse gas emissions than petroleum-based fuels. The ethanol industry and its allies say EPA's weighing of emissions from indirect land-use changes -- such as forest clearing in other countries for cropland due to increased use of U.S crops for fuel -- is based on faulty science.

Environmentalists say these emissions must be weighed, or else national biofuels policy could support ventures that worsen greenhouse gas emissions. They argue that there is ample science to show that biofuels production can lead to land-use changes -- such as deforestation -- that release of stored carbon. "The EPA should be allowed to move forward using the best available science without interference from Congress," said Brendan Bell, an analyst with the Union of Concerned Scientists, in a statement.

But Harkin's plan drew cheers from the ethanol trade group Growth Energy, which said EPA's draft rule would penalize domestic biofuels production. "Senator Harkin's legislation is rooted in logic and fact -- two things that are lacking from the EPA's proposed rule," said Tom Buis, CEO of Growth Energy, in a statement.

Offshore drilling, land management

Vitter also introduced an amendment that would immediately approve a 2010-2015 outer continental shelf oil and gas leasing program proposed in the waning days of the Bush administration, which would greatly expand outer continental shelf development, including opening areas off the Atlantic and Pacific coasts. A similar Vitter amendment would approve the program and also require one lease sale in each of the Atlantic, Pacific and Alaska planning areas and three lease sales in the Gulf of Mexico region within 180 days of the bill being signed into law.

Vitter, Sen. Jim DeMint (D-S.C.) and Sen. John Barrasso (R-Wyo.) also offered an amendment to try to force Interior to implement the Bush-era offshore leasing program by prohibiting money in the spending bill from being used to delay it (E&E Daily, Sept. 22).

Vitter also introduced an amendment that would prevent any funds in the appropriations bill from being used to develop regional climate change offices within the Interior Department. Interior Secretary Ken Salazar last week signed a secretarial order to create eight Regional Climate Change Response Centers that would address climate change impacts on Interior resources (E&ENews PM, Sept. 14).

Sen. Tom Coburn (R-Okla.) offered a series of amendments aimed at federal land management policies. They would:

Require that any report submitted by a federal agency to the House or Senate Appropriations panels be posted on the committees' Web sites.
Cancel $1 million directed to the Sewall-Belmont House in Washington, D.C., and instead give the money to the National Park Service for its maintenance backlog.
Prevent money in the bill from being used to impede or restrict activities of the Department of Homeland Security to achieve "operational control" of U.S. international borders.
Prevent funding for the implementation of any regulation that would delay or restrict the development of renewable energy on public lands and transmission lines necessary for delivering the electricity produced.

Divert money from the Land and Water Conservation Fund for land acquisition to instead be used by federal agencies to reduce their maintenance backlogs.
Require the president within 120 days of submitting the 2011 budget request to submit a report describing the annual cost of maintaining all federal land holdings for the previous three years.
Modify an amendment from Sen. Byron Dorgan (D-N.D.) on requirements for adding or removing property in a national heritage area, requiring that no private property be included unless the owner makes a written request.

Dorgan introduced an amendment to require all agencies funded by the bill to include a separate category for administrative expenses when they submit their 2011 appropriation requests.

An amendment by Sen. Charles Schumer (D-N.Y.) would require states to direct at least 30 percent of federal clean water grants to disadvantaged communities in the form of negative-interest loans, principal forgiveness or grants. The federal government provides the money to the states through the Clean Water State Revolving Fund and Drinking Water State Revolving Fund, which are slated to receive a combined $3.5 billion in the spending bill.

Sen. James Inhofe (R-Okla.) introduced an amendment aimed at speeding the cleanup of the Tar Creek Superfund Site in Oklahoma. The provision would allow purchases of "chat" -- the gravel-like waste created from lead and zinc mining -- to be counted at twice their purchase price and to be eligible to be counted toward meeting the federally required disadvantaged business enterprise set-aside on federally funded projects.

Extended OCS comment period produces 350,000 comments, Salazar says
Oil and Gas Journal, September 22, 2009; http://www.ogj.com/index/article-display/5176715080/s-articles/s-oil-gas-journal/s-general-interest-2/s-government/s-2009/s-09/s-mms-asked_to_move.html

Nick Snow

WASHINGTON, DC, Sept. 22 -- The US government received more than 350,000 public comments on possible Outer Continental Shelf resource development strategies during the 6-month comment period that expired Sept. 21, US Interior Secretary Ken Salazar said on Sept. 22.

Many of the comments came from public meetings he hosted in New Jersey, Louisiana, Alaska, and California, he said. “I heard broad agreement that we must confront our dangerous dependence on foreign oil, build a clean energy future, and make use of the limited resources we have while protecting our land, water, and wildlife,” he said.

Salazar said the US Minerals Management Service is reviewing all of the comments, which will take several weeks. Once that is complete, it will initiate environmental analysis and what he termed “public scoping opportunities” associated with the 5-Year Plan for oil and gas development on the OCS.

“The offshore energy program we are developing must address our nation’s energy security challenges, deliver a fair return to the taxpayers who own the resources, and account for the views of local communities, states, and tribal nations,” the secretary said.

It also must take several key considerations into account, including ocean areas critical to military training and the national defense; other economic benefits of the oceans including fishing, tourism, and subsistence uses; environmental considerations; existing oil and gas infrastructure; interest from the oil and gas industry; and the availability of seismic and scientific data, he said.

“I am confident that we will be able to expand our nation’s offshore energy portfolio by focusing on development in the right way in the right places,” Salazar said.

Move aggressively
Meanwhile, oil and gas industry groups urged MMS to move ahead aggressively on developing more OCS energy resources the 6-month public comment period on a draft proposed 5-year OCS plan expired.

“In about a week’s time, we will mark the 1-year anniversary of the end of the moratoria for new oil and natural gas leasing in federal waters off our Atlantic and Pacific coasts,” noted American Petroleum Institute Pres. Jack N. Gerard. “Despite the public’s clear desire for more domestic energy development and the industry’s years of experience operating offshore in an environmentally sensitive way, this administration repeatedly has slow-pedaled this plan which would benefit all Americans, especially in these tough economic times."

Gerard said new oil and gas development could create thousands of jobs, add more than $1 trillion to government coffers, strengthen US energy security, and encourage a domestic economic recovery. "It's time to end the delays. The administration now has comments in hand. It knows that oil and natural gas will be integral to the nation's economy for decades to come. It must act now to ensure that America has the energy it needs today, and in the future," he said on Sept. 21.

In comments submitted to MMS on Sept. 15, Independent Petroleum Association of American Pres. Barry Russell warned: "As our nation's energy demand continues to increase, a failure to provide needed access to the OCS will increase domestic energy prices, slow US economic growth, and create hardships for consumers."

"The next 5-Year Plan will define the shape and scope of domestic offshore energy development. It is essential that MMS develop a leasing program that provides maximum flexibility for our nation to address its energy needs," Russell said.

Prompt review

National Ocean Industries Association Pres. Tom Fry urged US Interior Secretary Ken Salazar to review the comments promptly and analyze all OCS planning areas now that the 6-month comment period extension the secretary imposed on Feb. 10 has expired.

"Today's volatile energy prices and supplies have created many problems for ordinary Americans. In part, this is because the government has denied access to energy resources owned by the American people," Fry said on Sept. 21. "The energy resources on the OCS are vital to the nation's economic prosperity, and safety records show that they can be produced in an environmentally responsible manner."

Jenny Fordham, energy markets and government affairs director at the Natural Gas Supply Association, said the draft proposed plan (DPP) was a step in the right direction "and industry supports a robust plan as a foundation to our future domestic energy supply." She said, "MMS should not delay the 5-Year Plan process, but should move forward quickly after the close of the comment period to develop the proposed plan and complete the necessary environmental work."

In comments submitted to Renee Orr, MMS's 5-Year Plan program director on Sept. 21, Fordham said NGSA was pleased that MMS added areas not included in previous 5-year OCS plans to this one's DPP, including lease sales in the eastern Gulf of Mexico "which is known to contain vast resources of natural gas." The industry association supports the proposal of 31 lease sales with no restrictions, such as buffer zones, and encourages MMS to prioritize the schedule of lease sales to be held in those areas known to have the highest resource potential, she said.

The federal government locked up OCS areas believed to contain 18 billion bbl of oil and 77 tcf of gas for more than 20 years, Doug Morris, API's upstream and industry operations group director, noted in comments that API submitted to MMS on Sept. 21.

'May be conservative'

"These resource estimates may be conservative since the areas in question are largely unexplored," Morris said. "But if given access to them, the industry could use today's highly sophisticated technology to locate and tap new domestic resources in an environmentally responsible manner as it has in other areas for decades."

Past decisions to restrict OCS acreage available for exploration compelled the oil and gas industry to "pick over the bones" in search of commercial hydrocarbon quantities, Morris said. He cited expenditures of $2.2 billion for leases in 1996-97, with only 6% of the tracts eventually producing oil and gas and the remainder returned to the government. "Over 50% of the leases were eventually resold in subsequent sales for an additional $6.2 billion as the industry continued to search for the 'needle in the haystack' in a limited geographic area using new exploration technologies," he said.

Morris conceded that successive exploration over some of the same areas led to new discoveries because new geologic concepts were tested, aided by the evolution of exploration and production technologies. "Nevertheless, over the period that moratoria restricted access to as much as 80% of the OCS, other opportunities for discovery went unexplored and untested," he said.

Access to areas where technologies and concepts can be tested, and where lessons learned from exploration elsewhere in the world can be applied, will increase the likelihood that new domestic offshore oil and gas resources will be discovered and domestic energy security improved, Morris said. “We will continue to rely on oil and gas in the long term, so we need to make decisions now that provide us with the resource in the long term,” he said.

Include all areas
In IPAA’s comments, Russell urged MMS to keep all areas, including the eastern Gulf of Mexico, Alaska, and the entire Atlantic and Pacific OCS under consideration during the planning process’s next phase. Doing so would mean that “essential preparatory work will have been completed enabling that area to be offered for leasing more quickly should Congress mandate a sale,” he said.

Russell also suggested that MMS use area-wide lease sales wherever possible, and focused leasing for places where it is not. “Area-wide leasing allows IPAA members, the smaller independent companies, to actively acquire, explore, and produce low-risk fields. It also encourages innovative exploration strategies and is consistent with maintaining financially sound geophysical contracting and processing industries,” he said.

Fordham said in NGSA’s comment that the association also was encouraged by MMS’s including areas previously off-limits in the DPP. NGSA and API separately expressed in their submissions to MMS their opposition to the idea of coastal buffer zones and support for sharing new federal OCS oil and gas revenues with states directly feeling the impacts of development.

Morris and Fordham each noted that in August 2008, when MMS requested comments as then-Interior Secretary Dirk A. Kempthorne accelerated the OCS planning process to produce a 5-Year Plan for the 2010-15 period, some 60% of the responses said that the agency should “new program to provide some level of expanded access to domestic sources of oil and natural gas.” It was a significant indication that the general public understood the importance of developing more domestic oil and gas supplies, the API and NGSA officials separately said.

Salazar making headway as Interior's "new sheriff"
The Denver Post, September 22, 2009; http://www.denverpost.com/opinion/ci_13390328

Before he can take on energy policy, Ken Salazar must fix the Interior Department's entrenched practices and culture.

By The Denver Post

When Ken Salazar took the reins at Interior nine months ago, it was apparent the "new sheriff," as he was calling himself, had a big job ahead of him in cleaning up a department plagued by scandal and mismanagement.

In recent weeks, the magnitude of the work has come into focus, and so too has Salazar's resolve in taking on the department's entrenched practices and culture.

Salazar's recent announcement that he would end a flawed oil and gas royalty program is evidence of his commitment to improving the department. But a recent congressional probe that said inappropriate fast- tracking of oil and gas permitting shortchanged environmental oversight also shows the breadth of the agency's troubles.

It may seem that Salazar is playing a game of bureaucratic Whac-A- Mole, taking down one problem only to have another pop up. But if Salazar sticks with reform efforts, he'll get the department straightened out.

We were glad to hear Salazar tell Congress earlier this month that he would end the Minerals Management Service's controversial "royalty-in-kind" program.

Through the program, companies may pay the government royalties in oil and gas rather than in cash, which then allows the government to sell the commodities.

The program, based in Lakewood, has been under-collecting royalties by millions of dollars.

The Minerals Management Service's Lakewood office also was the epicenter of a scandal involving 19 federal employees who oversaw multibillion-dollar contracts with energy companies. The federal employees improperly took gifts from the companies, engaged in sexual liaisons with energy company officials and did drugs with them.

"Clearly, the Department's energy leasing and royalty programs have not been working as they should and the American people have not been receiving the full benefits from these valuable assets," Salazar told the House Natural Resources Committee earlier this month.

He also described plans for developing a comprehensive energy strategy on the nation's public lands and the outer continental shelf. Such a blueprint is an important part of re- calibrating the nation's energy policies and we look forward to hearing more about it.

On the same day Salazar appeared before Congress to address the royalty-in-kind program, the Government Accountability Office issued a report outlining the misuse of policy that allows fast-tracking of drilling permits.

The report said the federal Bureau of Land Management did not follow law or policy in issuing thousands of exclusions that let energy companies drill without environmental impact studies. The BLM reviewed the report issued by the watchdog agency and agreed to the changes suggested.

Salazar has lofty ambitions for his department. When he visited the Denver Post editorial board in January, he said a new energy policy would be Interior's "signature issue."

The first step, however, is getting Interior's house in order so that Salazar's department has the credibility and trust necessary to propose such sweeping change. It seems as though the former senator from Colorado is making progress, though it's sure to be a difficult road ahead.

Slowing down Kempthorne's 'jump start'
Oil and Gas Journal, September 22, 2009; http://www.ogj.com/index/blogs/washington-pulse/s-blogs/s-OGJ/s-washington-pulse/s-post987_5311474413428470551.html

By Nick Snow

Sept. 21 was more than the Autumnal Equinox in Washington. It also marked the end of the six-month period US Interior Secretary Ken Salazar established for comments on a new five-year Outer Continental Shelf leasing plan after suspending one his predecessor, Dirk A. Kempthorne, "jump-started" in August 2008.

Salazar said he was seeking, among other things, additional public comments. Special interest groups delivered plenty to the Interior Department.

American Solutions for Winning the Future dropped off 90,358 comments in support of offshore drilling. "The American people have spoken loud and clear that America's abundant energy resources have been off limits for too long," said Vince Haley, the group's vice president for policy. "Every day of inaction by Secretary Salazar is another day the now-expired ban on drilling stays in effect despite the American people's overwhelming support for offshore drilling."

"The only real question: Will the Obama administration listen to the will of the American people and allow us to make use of the affordable, abundant, and reliable domestic energy supplies we rightfully own? Was the decision to lift the decades old ban on offshore exploration truly a response to the will of the vast majority of the American people? Or was it merely an election year gesture to be replaced indefinitely by a de facto ban?" said Institute for Energy Research President Thomas J. Pyle, who planned to submit 11,816 comments which IER received.

Environmental organizations focused their concerns on offshore Alaska areas. Twelve collected 300,000 comments urging Salazar to stop oil and gas activity in the US Arctic now and permanently protect Bristol Bay. They also sent a letter to the Obama administration signed by more than 400 US and foreign scientists stating that plans for the Alaskan offshore created during the Bush administration did not fully consider environmental consequences or impacts on indigenous residents.

"The American public has unequivocally said that Bush's aggressive plans for oil and gas development have no place in America's Arctic and Bristol Bay," said Cindy Shogan, executive director of the Alaska Wilderness League.

“Secretary Salazar pledged to make wise decisions based on sound information. We urge him to continue the process he has begun, and come up with a rigorous plan that ensures the survival of these two national treasures.”

American Petroleum Institute President Jack N. Gerard noted that the nation will mark the one-year anniversary of the expiration of congressional offshore lease moratoriums off the US Atlantic and Pacific coasts in 10 more days.

“Despite the public’s clear desire for more domestic energy development and the industry’s years of experience operating offshore in an environmentally sensitive way, this administration repeatedly has slow-pedaled this plan which would benefit all Americans, especially in these tough economic times,” he said. “New oil and gas development could create thousands of jobs, add over a trillion dollars to government coffers, strengthen America’s energy security and encourage our economic recovery. It’s time to end the delays.”

Salazar has indicated that he plans to continue proceeding deliberately, not only re-evaluating the five-year OCS plan Kempthorne wanted to finish two years early, but also broadening it to consider renewable and alternative technologies. Congressional Republicans have protested that waiting until July 2012 to put it into effect represents a delay. The secretary apparently thinks he’s simply returning it to its original schedule, with a chance to make it better in the process.

Groups spar over U.S. offshore drilling plan
Reuters, September 21, 2009; http://www.reuters.com/article/GCA-Oil/idUSTRE58K4YB20090921

By Ayesha Rascoe

WASHINGTON (Reuters) - Environmental and pro-drilling advocates pitched dueling messages about expanded offshore oil and natural gas production to the U.S. Interior Department on Monday, as the comment period on a Bush-era energy plan came to a close.

The draft five-year offshore drilling proposal offered in the last days of the Bush administration would allow drilling along the East Coast and off the coast of California.

Drilling was banned in most of the offshore areas of the United States outside the Gulf of Mexico for more than 20 years until Congress allowed the prohibition to expire last year.

Environmental groups and some lawmakers have raised concerns about the impact increased drilling would have on coastal areas.

The Alaska Wilderness League, along with about 20 other green groups, symbolically delivered comments to the department Monday from nearly 300,000 people opposing the proposed offshore leasing plan that would open much of the Arctic Ocean to drilling.

"We just wanted to let him know how many people there were across the country that were concerned about the proposed oil and gas development and the current oil and gas development that's going on in the Arctic," said Kristen Miller, government affairs director for the league.

Miller's group is pushing to halt all drilling in the Arctic Ocean until a comprehensive plan is developed to protect the area's fragile ecosystems.

Under U.S. President Barack Obama, the Interior Department extended the comment period for the draft drilling plan by 180 days. During that time the department held hearings throughout the country to gather public input on the proposal.

Supporters of expanded oil and natural gas production criticized the department for delaying a plan they say is essential to meeting U.S. energy needs.

The Institute for Energy Research submitted more than 13,000 comments Monday in support of the offshore plan.

"That plan was something that there was serious time spent on developing, making sure that it was done correctly. Now they've delayed it, which is in effect a de facto ban," said institute spokeswoman Laura Henderson.

Citing polls showing a majority of Americans support offshore drilling, Henderson said "those bans were lifted for a reason. They need to let people explore those areas."

The American Petroleum Institute also weighed in.

"It's time to end the delays," API President Jack Gerard said in a statement. "(The administration) must act now to ensure that America has the energy it needs today -- and in the future."

Despite calls for immediate action, Interior Secretary Ken Salazar has signaled his department will release its proposals for a new plan in the next several months.

The Obama administration has said it supports offshore drilling as a part of a comprehensive energy strategy, but has stressed a clear commitment to moving the United States toward cleaner energy resources.
The department estimates that the Outer Continental Shelf holds 86 billion barrels of oil and 420 trillion cubic feet of natural gas that has yet to be discovered. Offshore areas could contain more oil and gas and have not been explored in 25 years.

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35 senators urge Interior to expand leasing
E&E News PM, September 21, 2009; http://www.eenews.net/eenewspm/2009/09/21/2/

Ben Geman

Thirty-five senators -- 30 Republicans and five Democrats -- are pressing Interior Secretary Ken Salazar to adopt a Bush-era proposal that opens several Atlantic and Pacific coast regions to oil and gas drilling.

Their Sept. 18 letter is among the many comments submitted to the agency expressing varying views of a proposal that would replace the current 2007-2012 outer continental shelf leasing program with a 2010-2015 plan.

The comment period closed today on the proposed 2010-2015 plan, which also includes more Alaskan and eastern Gulf of Mexico leasing than the current program.

"By opening up new offshore areas for natural gas and oil leasing and development and also allowing for development of renewable energy as proposed in the [draft proposed program], the Department of the Interior can provide the United States with an opportunity to responsibly produce our own energy," states the letter, spearheaded by Sens. Kay Bailey Hutchison (R-Texas) and Byron Dorgan (D-N.D.).

The letter says the plan is "appropriately expansive" and would boost the economy while helping ease import reliance.

Republicans signing the Sept. 18 letter include Lamar Alexander of Tennessee, Chuck Grassley of Iowa, John Cornyn of Texas, Jeff Sessions of Alabama, Lisa Murkowski of Alaska, John McCain of Arizona and others. The Democrats other than Dorgan are new Agriculture Chairwoman Blanche Lincoln of Arkansas, along with Sens. Mark Begich of Alaska, Ben Nelson of Nebraska and Mark Pryor of Arkansas.

Interior proposed the draft plan in the waning days of the Bush administration. It emerged after President George W. Bush lifted longstanding leasing bans in the summer of 2008 and lawmakers did not renew largely overlapping limits.

The oil and gas industry, in comments on the plan, is similarly pressing Salazar to allow expanded development. But Interior is also facing pressure not to widen drilling.

The group Environment America claims that 270,000 citizen comments opposing the expansion were submitted. Groups on all sides of these and other policy issues often run campaigns to encourage public submissions to the agencies.

Environmentalists are fearful of ecological risks, citing a recent spill off the Australian coast, while alleging there are more effective ways to address energy security.

"We hope Secretary Salazar listens to the more than a quarter million citizens from around the country who have said that more drilling is bad energy policy and bad for our oceans," said Michael Gravitz, a lobbyist with the group, in a statement.

Federal waters that have been covered by leasing bans may contain 18 billion barrels of oil and 76 trillion cubic feet of natural gas, according to Interior's Minerals Management Service, although drilling supporters believe these estimates likely are on the low side because they are not based on newer exploration technologies.

Salazar May Delay Decision on Offshore Oil and Gas Drilling Ban Until 2012
CNS News, September 21, 2009; http://www.cnsnews.com/news/article/54271

By Pete Winn

(CNSNews.com) – Monday, Sept. 21, is the deadline for public comment on the Interior Department's five-year plan, which includes proposals to open 300 million acres off the Atlantic and Pacific coasts and off the coast of Alaska to oil and natural gas drilling.

But don't expect a decision any time soon, said Vince Haley, vice president of American Solutions, an organization founded by former House Speaker Newt Gingrich.

"This administration is certainly not accelerating the time period of making the releases (of oil and gas leases), selling the leases, getting them implemented and allowing the companies to get up and drilling," Haley told CNSNews.com. "That is not going on. If anything, I think it could be fairly characterized as delaying and setting up obstacles to the start of off-shore production."

In fact, a decision on offshore drilling may not come until 2012.

Last week, during a meeting with Alaska's new governor, Interior Secretary Ken Salazar said he hadn't made up his mind yet on whether to allow offshore drilling -- and because of the way the deadlines fall, the department has until 2012 before it has to decide.

"Whether we take that long or not is something we'll decide based on the information we collected (during the comment period) and the analysis that's been done during this period," Salazar said. "I haven't yet reached a decision on what the next steps are going to be."

Every day of inaction by the Interior Department is another day the ban on offshore drilling stays in effect, Haley said. In February, Salazar extended the public comment period for the five-year plan by six months, prolonging the ban.

"If an administration is committed to taking a 'slow boat' they can do all types of things to extend, delay, obfuscate and make it so you can't drill, in any case," Haley told CNSNews.com.

"That's consistent with the ideological vision that this administration has," he said. "Clearly they are ideologically opposed to the production of oil and natural gas. They have a view about climate change that makes oil and natural gas, frankly, a disfavored resource. They want to make energy in this country based on carbon fuels dramatically more expensive, under the theory that the government knows best about energy."

Some offshore drilling is currently allowed, but the federal ban on most offshore drilling has stymied U.S. energy development for the last 25 years, according to Haley.

"Essentially the OCS – the Outer Continental Shelf – was restricted from oil and natural gas production for a quarter-century," he said.

Last September, Congress allowed the ban on offshore drilling to expire – thanks to the widespread public outcry over high gasoline prices during the summer of 2008.

"The high gas and diesel prices of summer a year ago, which hit $4 a gallon on average, really aroused the public to demand that we take some steps to bring down the cost of transportations fuels," Haley recounted.

Offshore drilling was one of those steps, which garnered approval of more than 65 percent of the American public, according to some polls.

In fact, 1.5 million people signed a “Drill Here, Drill Now” petition sponsored by his group, Haley said.

Now American Solutions is calling for Americans to send in their comments to the Interior Department – while they still can.

If the U.S. continues to block or delay offshore energy exploration, the U.S. will continue to rely on foreign oil, making energy prices higher and affecting job creation and economic growth, Haley said.

Benefits likely from offshore wind farm
Delmarva Now, September 21, 2009; http://www.delmarvanow.com/article/20090921/OPINION01/909210337

By Anita Ferguson

State officials are now taking steps to explore the potential for developing wind energy off Maryland's coast, which could result in inexpensive, clean and renewable energy for hundreds of thousands of homes in the future.

The Maryland Energy Administration last week asked those in the wind power industry whether they'd be inclined to submit proposals to build a wind park off the state's 31-mile coastline about 12 miles out to sea. Offshore wind power is especially useful in densely populated coastal regions, where demand for energy is high and land availability is low. A 1,000 megawatt wind park could provide the amount of energy for more than 200,000 homes statewide each year.

In a Sept. 15 statement, MEA Director Malcolm Woolf said offshore wind has the potential to supply more renewable energy than any other resource in the region. If Maryland is able to successfully harness these resources in a cost-effective way, he said, the state will be able to satisfy its renewable portfolio standard of 20 percent by the year 2022.

According to the US Energy Department, Maryland has "outstanding" wind resources that compare favorably or better than Midwestern land-based wind resources. MEA's offshore wind initiative will include outreach to potential offshore wind developers, a technical evaluation of the wind resources off of Maryland's Atlantic coast and Outer Continental Shelf, and will include community engagement.

"Offshore wind energy offers vast potential to create jobs for our workers and to help stabilize electric costs for our families while also increasing grid stability," Gov. Martin O'Malley said. "As we continue our commitment to promote a Smart, Green and Growing Maryland, the benefits of the clean energy generated from offshore wind may prove to be vital for our state's energy and environmental future."

Wind is a renewable resource that can be widely distributed. It's also an inexpensive and clean form of energy that will reduce greenhouse gas emissions when it displaces fossil-fuel-derived electricity. This technology is well-established in Europe but is new to the United States and has had a difficult time becoming a reality.

Opponents cite the high initial construction costs, while others complain that wind farms are eyesores. Advocates agree that the initial price tag can be high but say the long-term savings more than make up for the start-up costs. They add that wind farms are built so far offshore that visual concerns are minimal.

Cape Wind, a 130-turbine project in Nantucket Sound, could supply the electricity needs of more than 300,000 homes, but it has been delayed for eight years due to concerns regarding its effects on marine life, tourism and property values. It has been the subject of endless studies, public hearings and reviews by federal, state and local agencies and lawsuits. Its fate now rests with the Department of the Interior, and a decision is expected as early as this winter.

The Maryland Department of Natural Resources along with the Nature Conservancy will study how birds, bats, fish and marine animals might be affected by turbine use. In the long run, the benefits likely outweigh the risks, but proper study of marine mammal, bird and bat migration should take place before plans are finalized. Some species may be impacted, but the need for clean energy to offset climate change will have a much larger impact on birds and marine mammals if nothing is done.

Yes, there are serious aesthetic, economic and technical questions that must be answered and concerns about the impact on wildlife that must be addressed. If the measure leads to an offshore wind park off our coast, it will likely change the energy paradigm in our state for the better.