

Week in News: October 26- November 1, 2009

Delaware hosts first federal offshore renewable energy task force meeting

Delmarvanow.com, October 30, 2009; <http://www.delmarvanow.com/article/20091030/DW01/91030016/1/DW/Delaware-hosts-first-federal-offshore-renewable-energy-task-force-meeting>

Australia oil spill fuels debate here

Tampa Bay Tribune, October 30, 2009; <http://www2.tbo.com/content/2009/oct/30/na-australia-oil-spill-fuels-debate-here/news-politics/>

Value of tourism, fishing trumps oil and gas – report

Greenwire, October 29, 2009; <http://www.eenews.net/Greenwire/2009/10/29/3>

Peak Oil – The Rewards

Wall Street Pit, October 29, 2009; <http://wallstreetpit.com/11624-peak-oil-the-rewards>

Interior chief rethinks royalty rates

Houston Chronicle, October 29, 2009; <http://www.chron.com/disp/story.mpl/business/6691828.html>

Interior bill to require enviro study of Atlantic Ocean oil drilling

E&E Daily, October 29, 2009; <http://www.eenews.net/EEDaily/2009/10/29/4>

House members urge ocean policy task force not to restrict OCS development

Oil & Gas Journal, October 28, 2009; http://www.ogj.com/index/article-display/4716949342/articles/oil-gas-journal/general-interest-2/government/2009/10/house-members_urge.html

Editorial: Learn, ask about offshore drilling tonight

Ft. Myers News Press, October 28, 2009; <http://www.news-press.com/article/20091028/OPINION/91027065/1015/opinion/Editorial--Learn--ask-about-offshore-drilling-tonight>

Kerry seeks Interior input on oil and gas provisions

E&E News PM, October 27, 2009; <http://www.eenews.net/eenewspm/2009/10/27/7>

Guess the Country with the World's Largest Energy Reserves

NRO, October 27, 2009; <http://planetgore.nationalreview.com/>

Thomas Ballentine: Promise of drilling is vastly overblown

Tallahassee Democrat, October 27, 2009; <http://www.tallahassee.com/article/20091027/OPINION05/910270304/Thomas+Ballentine++Promise+of+drilling+is+vastly+overblown>

Lawmakers fear hurdles to offshore drilling

Houston Chronicle, October 27, 2009; <http://www.chron.com/disp/story.mpl/business/6687059.html>

Kerry Targeting Other Committee Heads as Climate Bill Hearings Begin

CQ Today, October 26, 2009; <http://www.cq.com/document/display.do;jsessionid=2319694C1CE823BFEDD772C95C27EB1F.upolu?matchId=89018930>

Is Secretary Salazar Withholding Evidence That Americans Want to Drill Offshore by a 2:1 Margin?

Reuters, October 26, 2009; <http://www.reuters.com/article/pressRelease/idUS207898+26-Oct-2009+PRN20091026>

Study finds huge resources -- and barriers -- in Arctic

E&E News PM, October 26, 2009; <http://www.eenews.net/eenewspm/2009/10/26/6>

House members fear Obama oceans policy could clip energy development

E&E News PM, October 26, 2009; <http://www.eenews.net/eenewspm/2009/10/26/4>

2 tribes object to Cape Wind turbines

Boston Globe, October 26, 2009;

http://www.boston.com/lifestyle/green/articles/2009/10/26/2_tribes_object_to_cape_wind_turbines/

Solving the energy issue

Sun-Sentinel, October 26, 2009; <http://www.sun-sentinel.com/news/opinion/letters/sfl-offshore-drilling-letter-m10pnoct26.0.6323916.story>

Eastern states want a leadership role on marine wind policy

ClimateWire, October 26, 2009; <http://www.eenews.net/climatewire/2009/10/26/5/>

Delaware hosts first federal offshore renewable energy task force meeting

Delmarvanow.com, October 30, 2009; <http://www.delmarvanow.com/article/20091030/DW01/91030016/-1/DW/Delaware-hosts-first-federal-offshore-renewable-energy-task-force-meeting>

LEWES — Recently, the State of Delaware became the first state in the nation to host a U.S. Department of the Interior Minerals Management Service offshore renewable energy Task Force meeting.

The Task Force will facilitate the coordination of commercial leases for offshore renewable energy on the Outer Continental Shelf. Representatives from federal, state, local and tribal governments met to review goals and objectives and develop a Charter for the Task Force's purpose and implementation.

Governor Jack Markell appointed Department of Natural Resources and Environmental Control Secretary Collin O'Mara to lead the state's delegation to the Task Force after receiving a request from the Minerals Management Service.

"Delaware is positioned to lead the nation in deploying the substantial offshore wind resource and moving towards a clean energy future," said Governor Markell. "We must work closely with our federal partners to ensure that bureaucratic delays do not slow the development of this critical resource in our efforts to maximize the economic, public health and environmental benefits for all Delawareans."

Delaware is a national leader among all states in its consideration of adding offshore renewable energy to its portfolio of power generation resources. Since the Delaware General Assembly passed House Bill 6 in April 2006 directing Delmarva Power to contract with new power resources to guarantee a stable process for electricity, Delaware has achieved several milestones, including: the General Assembly's amendment in July 2007 to the renewable Portfolio Standard requiring that 20 percent of the state's electricity come from renewable sources by the year 2019; the selection of Bluewater Wind LLC's proposal to construct an offshore wind facility in response to Delmarva Power's November 2006 Request for Proposals for new electricity generation capacity; and the execution of a 25-year Power Purchase Agreement in July 2008 between Delmarva Power and Bluewater Wind LLC for 200 megawatts of power from an offshore wind facility proposed on the Outer Continental Shelf offshore of Rehoboth Beach. As a result of this progress, Delaware is widely recognized as the likely home of the first offshore wind development in North America.

On April 22, 2009, President Barack Obama announced that the Minerals Management Service (MMS) finalized the framework for renewable energy generation on the Outer Continental Shelf (OCS). The framework establishes a MMS program to issue leases, easements, and rights-of-way for orderly, safe, and environmentally responsible renewable energy development activities, such as the siting and construction of offshore wind facilities on the OCS. The MMS is planning to consider a commercial leasing process offshore of Delaware and anticipates initiating this process in the coming months. MMS leased offshore lands to Bluewater Wind to install a meteorological and environmental monitoring tower this past spring.

Delaware's Task Force is comprised of federal representatives from: MMS; the National Oceanic and Atmospheric Administration; the U.S. Environmental Protection Agency; the U.S. Fish and Wildlife Service; the Army Corps of Engineers; and the U.S. Coast Guard and state representatives from: the Department of Natural Resources and Environmental Control; the Department of State; the Governor's Office; the Public Service Commission; the Comptroller General's Office; the Office of Management and Budget; the University of Delaware; local governmental representatives from Rehoboth and Dewey Beaches; the Lenape Indian Tribe of Delaware; and the Nanticoke Indian Tribe.

Australia oil spill fuels debate here

Tampa Bay Tribune, October 30, 2009; <http://www2.tbo.com/content/2009/oct/30/na-australia-oil-spill-fuels-debate-here/news-politics/>

By CATHERINE DOLINSKI

TALLAHASSEE - Aug. 21 was a mess for the oil industry.

That was the day an oil platform off the northern coast of Australia began leaking 300 to 400 barrels of oil a day into the Timor Sea. Reports are that the leak continues, fouling thousands of miles of ocean and threatening marine life.

The spill also poses problems for oil producers trying to persuade Florida's leaders to permit offshore drilling in state waters. Not only did the Australia spill make headlines, it was - and still is - occurring in a part of the world that industry groups had hailed as a hub of safe, high-tech production.

Environmentalists pounced, saying the spill proves modern drilling is unsafe.

The industry contends such events are rare and that opponents are guilty of distortion.

All of which raises the question: Could such an oil leak happen here?

Down Under

Bill Smith, an Indian Shores councilman, drew a bright line on Oct. 21 between the Australia spill and lifting Florida's ban on offshore drilling.

"Remember, that's 150 miles off the coast - not five or 10, as we're talking about," he told a House panel of lawmakers. "Moreover, drilling proponents have described this technology as safe, state-of-the-art, and the same as would be used here."

A week later, Pinellas County Commissioner Kenneth Welch brought up the spill again. "If that had happened off the coast of Florida, our tourism economy would be fatally wounded," Welch said during an energy forum at Florida State University. The Timor Sea oil operation, he said, "is using the same type of new technology that proponents are saying is very safe."

That drew a protest from Terry Cunningham of Lakeland, a 30-year oil industry consultant who told Welch he didn't know what he was talking about. David Rancourt, a lobbyist for an industry group known as Florida Energy Associates, deemed the issue one of misunderstanding.

This year, a pro-drilling coalition that includes Florida Energy Associates produced a brief declaring that "modern energy exploration is environmentally safe" and "new technology is environmentally protective." It also stated that "In Western Australia, visionary leaders are establishing the region as the sub-sea oil and gas capital of the Asia-Pacific, overcoming significant technical challenges through the innovation of undersea oil production technology."

Drilling supporters reportedly made similar statements this summer during public forums across the state. But Ryan Banfill, spokesman for Florida Energy Associates, said those words don't mean what opponents say they mean.

Misrepresented?

Banfill and Cunningham say "visionary technology" refers to sub-sea oil production. The oil platform that sprang a leak near Australia is a permanent above-surface platform - older technology that below-surface production methods would replace, they said.

"Since the Timor Sea leak started, ... opponents have mischaracterized this point," Banfill said via e-mail.

But the report from the drilling coalition also features explanations and illustrations of "jack-up rigs," temporary above-surface rigs used before the below-surface production phase.

It's the same kind of rig that was drilling at the site of the leaking oil platform off Australia.

Both Australia's government and the Thailand-based owner of the oil platform agree that the oil is emanating from the platform - not the rig. Beyond that, details remain sketchy; no one has confirmed the leak's cause.

In an interview, Cunningham said he thinks the spill likely "had something to do with the drilling - I do believe it was the rig."

That's not the point, he said. "The rig is only as good as the people who are on that rig. The root cause will be human error. No doubt in my mind. The people on the rig made the mistake, and that kind of mistake hasn't happened in the U.S. offshore oil industry in over 40 years. You don't have the same work force there that you do here."

But Cunningham had no specific information about the nationality or training of the Timor Sea crew.

Eileen Angelico, chief of public affairs for the U.S. Minerals Management Service, said the regulatory agency had no such details, either.

Florida Energy Associates continues to stress the newer, below-sea production methods the group is proposing for use in Florida's Gulf waters. But not everyone in the industry is ruling out above-sea platforms.

"I don't know," said Dave Mica, executive director for the Florida Petroleum Council. "Offshore near California, some entities have built an islandesque facility - including a waterfall and palm trees - that has everything disguised. Would XYZ community in Florida want something like that as opposed to nothing visible at all?"

In some locations, he said, leaders might accept a horizon dotted by a platform that represents "jobs, revenues, an American product that's going to help me keep the lights on."

Such a platform would have to meet higher standards than the platform leaking near Australia, U.S. regulators say.

Angelico said that kind of uncontrolled oil flow, or "blowout," would be "highly unlikely" in U.S. waters because her agency never would have approved the engineering design of the well leaking off Australia.

It's hard to speculate about what, if any, role the jack-up rig played in the Australia spill, said Kenneth Schaudt, an oceanographer and meteorologist who has done consulting work for the oil industry. Better context, he said, is the rarity of spills overall.

He cited findings by the nonprofit National Academies that platform spills account for 1 percent of petroleum in North America's waters; natural seeps contribute 60 percent.

Eric Draper, lobbyist for the Audubon Society of Florida, was unmoved. "Australia's a relevant issue because (the oil industry) claimed that drilling is now safe," he said. "And now we have the evidence, in Australia, which is a rig that was built only a few years ago. ... It's our job to take their claims and to unravel them, and that's what we're doing."

Value of tourism, fishing trumps oil and gas – report

Greenwire, October 29, 2009; <http://www.eenews.net/Greenwire/2009/10/29/3>

Ben Geman

As senators consider adding provisions to spur wider offshore energy leasing to climate legislation, two environmental groups issued a report today concluding that the annual value of coastal tourism and recreation far exceeds that of oil and gas extraction.

"Our research makes clear that clean oceans and clean beaches are worth more than drilling for the last drops of oil in the ocean," said Mike Gravitz, who lobbies on ocean policy for Environment America, which joined the Sierra Club in releasing the paper.

The groups hope the conclusions will counter arguments about the lure of royalty, tax and leasing revenues from expanded leasing on the outer continental shelf.

"Our research makes it clear that clean oceans and clean beaches are worth more than drilling for the last drops of oil in the ocean," Gravitz said.

Sen. John Kerry (D-Mass.), a co-sponsor of Senate climate legislation, S. 1733, is seeking a compromise that includes new OCS access as part of a plan to enact mandatory curbs on U.S. greenhouse gas emissions. He is working with Sen. Lindsey Graham (R-S.C.).

Graham was among 20 senators who last year called for oil and gas leases to be sold farther than 50 miles off the coasts of Southeastern states and expanded leasing in the eastern Gulf of Mexico.

The bipartisan "Gang of 20" said wider leasing should be part of a expansive energy package that steers tens of billions of dollars into renewable energy and energy efficiency programs.

Already, an expansive energy bill approved by the Senate Energy and Natural Resources Committee in June, S. 1462, would substantially shrink the size of the no-leasing buffer around Florida's gulf shores. But that provision has drawn a filibuster threat from Sen. Bill Nelson (D-Fla.), who won a buffer that ranges from 100 to 235 miles in a 2006 law that expanded gulf leasing.

The environmentalists' report compares the value of coastal tourism, commercial and recreational fishing to estimated values of oil and gas extraction, using prices from the spring of this year.

The report finds \$197.1 billion in value from "sustainable" activities, compared to \$163.9 billion in value for the energy extraction. The environmentalists' report alleges that the tallies in most regions tilt even more heavily in favor of tourism and fishing.

But in the western Gulf of Mexico, the oil and gas value is listed at \$120.7 billion, compared to \$17.4 billion for the recreation and fishing sectors.

"In the long debate about outer continental shelf (OCS) drilling, policymakers and the public have typically focused on how much more oil and natural gas would be produced, how much more tax revenue would be collected and how many new jobs would be created if the nation expanded areas available for drilling," the report states.

"One set of issues, a critical set from the standpoint of healthy oceans, that has largely been ignored is the marine resources and sustainable activities that would be subjected to potential harm from new offshore drilling," it says.

The oil and gas industry and supporters of wider OCS leasing say the modern industry has developed and can develop offshore areas with minimal risks of large-scale spills or other accidents.

Peak Oil – The Rewards

Wall Street Pit, October 29, 2009; <http://wallstreetpit.com/11624-peak-oil-the-rewards>

By Byron King

We should expect a global oil shock by 2012...at the latest. But an oil shock doesn't have to be completely shocking. Why not beat the rush and get ready for the shock now. You might even make a few dollars in the process.

Our story begins with "Peak Oil" – the belief that conventional production of crude has already peaked, and has already slipped into an irreversible decline. As "Peak Oil" moves from mere theory to indisputable fact, the global economy will face wrenching changes. But the vigilant investor will gain an opportunity to profit along the way.

As I discussed in yesterday's edition of The Daily Reckoning, oil production seems all-but-certain to decline, despite the huge new discoveries off the coasts of Brazil, Africa and elsewhere. In fact, production is already declining rapidly from some of the world's largest fields. Mexico's "Catarell" Field, like a kind of Peak Oil poster child, was producing more than 2 million barrels a day as recently as 2005. But production from this field is plummeting irreversibly toward 500,000 barrels a day, as the chart below illustrates.

The recent discoveries of deep offshore oil will certainly help slow the decline of conventional crude oil production, but these discoveries will not come on line for many, many years.

But what about alternative energy sources? Won't they make up for the shortfall of crude oil? No chance. Alternative energies might offset a tiny sliver of falling crude oil production. But solar panels can't lift a fully loaded Boeing 777 off a runway...nor even lift an empty Piper Cub.

So what about the many sources of "unconventional" oil and gas? Won't these compensate for declining production from conventional sources? The short answer is no.

Geologist Art Berman, for example, offers a decidedly negative view of the latest "big thing" – obtaining large volumes of natural gas from "tight shales." In a comprehensive review of production and flow rates from several thousand wells drilled in the past decade in the Barnett Shale of Texas, Mr. Berman presents a gloomy forecast.

Looking at a large sampling of Barnett wells, the overall data reveal that initial gas flows decline rapidly. With some wells, the drop-off is as much as 70% in the first year, with further declines of 20% in the second year.

This hardly dovetails with the happy talk about how "shale gas" will supply US energy requirements for the next several decades, if not a couple of centuries. It appears that most Barnett wells are short-term money losers, with a few prolific wells carrying the bulk of capital expenditure.

According to Mr. Berman, the picture is not much better in other shale plays, such as the Fayetteville and Haynesville shales. And similar gloomy data are just now starting to come in on the embryonic gas play in the giant Marcellus formation of Pennsylvania.

But this bad news does need to be ALL bad. As the world's mature and aging oil fields slip into an irreversible decline, production from the world's new offshore discoveries will become increasingly important.

Therefore, forward-looking investors can begin TODAY to make selective investments in those sectors of the oil industry that will flourish during the coming oil shock. I am particularly fond of the "deepwater" sector...and have been urging my subscribers for several months to focus on the companies that facilitate deepwater oil production.

Marcio Mello, the former "explorationist" from Petrobras and now independent petroleum consultant, electrified the Denver meeting of the Association for the Study of Peak Oil & Gas (ASPO) with his analysis of several high-profile deepwater discoveries.

In a riveting talk that lasted well over an hour, Marcio detailed the immense petroleum potential of offshore Brazil, as well as the Amazon Basin. If Marcio's estimates are correct, Brazil may be the location of nearly 200 billion barrels of additional petroleum resources. That's well within the range of current resource estimates for Saudi Arabia.

For good measure, Marcio described the petroleum potential of offshore West Africa — another 130 billion barrels — as well as the Congo region, with 50 billion barrels or more.

Finally, Marcio described the "unknown potential of the US back yard, the Gulf of Mexico (GOM)." Marcio offered remarkable insight into the deep regions of the GOM, 100 miles and more offshore Texas and Louisiana. He showed early work he performed on a number of GOM areas, including the site of BP's recent billion-plus barrel find at the Tiber site.

If his analyses of the South American, African and GOM petroleum systems are correct, the world has access to much more conventional oil than people previously believed. But accessing and producing this oil will require a trillion-dollar level of offshore, deepwater investment. It's a 30- to 50-year project.

"Deepwater" will be a BIG business.

Some of the companies that are well-positioned for the deepwater era of crude oil production include Petrobras, Repsol (REP), BP (BP) and StatoilHydro (STO). I am also a fan of subsea equipment builders like Cameron Intl. (CAM) and FMC Technologies (FTI), plus service companies like Halliburton (HAL) and Baker Hughes (BHI).

These are a few of my favorite long-term plays for the long-term era of deep-water development.

Interior chief rethinks royalty rates

Houston Chronicle, October 29, 2009; <http://www.chron.com/disp/story.mpl/business/6691828.html>

Tom Fowler

Oil and gas companies that take bigger risks and explore in especially challenging areas might see lower federal royalty payments, Interior Secretary Ken Salazar says, but the Gulf of Mexico isn't one of those areas.

In a meeting Wednesday with the Houston Chronicle editorial board, Salazar said the royalty rate companies pay for oil and natural gas from onshore fields has been the same for nearly 30 years.

"It's the same royalty rate regardless of whether you have drilled and are taking oil and gas from a known play or whether you're in a play where you're a wildcatter and put up with a lot of risk for a discovery," Salazar said. "I think if companies are taking a bigger risk, there ought to be ways of incentivizing that."

But Salazar said he doesn't believe Gulf of Mexico projects would meet that high-risk threshold.

A visit to Murphy Oil's Medusa platform about 100 miles south of Louisiana earlier this year convinced him that "the technology and industry practices have proceeded to a point of maturity where we see in the Gulf there's no need for deep-water royalty relief. The deep-water plays are actually very productive and very profitable."

Salazar was in town to meet with wind industry officials and formally announce a \$200 million grant in federal stimulus funds to CenterPoint Energy.

The grant will be used to speed up the installation of smart meters that can help customers and the power company keep more detailed track of electricity use and to begin work adding new technology that will make the power distribution system more resilient after outages.

Streamlining process

While the grants are administered by the Department of Energy, Salazar said his agency is working to streamline permitting of high-voltage transmission projects crossing federal lands that will help modernize the country's power grid.

The Interior Department also is working with developers of renewable power projects — namely, wind and solar power — to place them on federal lands, he said.

Despite the emphasis on renewables, Salazar said, the Obama administration isn't neglecting oil and natural gas exploration.

Salazar is continuing to review the plan for new drilling on the outer continental shelf developed by former Interior Secretary Gail Norton in 2007. An appeals court ruled earlier this year that the plan didn't properly consider environmental impacts of new offshore lease sales.

"This plan was, in my opinion, essentially thrown out there without a lot of thought given to it. What I want to do is look at the entire OCS and make a determination where it is appropriate to continue exploration and production," Salazar said.

Decision likely soon

He expects to have a decision within a month on how those plans will move forward.

"The president has been clear that he wants us to have a production piece so we continue to do production of oil and gas," Salazar said.

Salazar said he will make his decision on the plan according to the Outer Continental Shelf laws that give him broad discretion but also require him to take into account the policies of the states.

Virginia's requirements

The state of Virginia, for example, says it wants to have oil and gas exploration offshore but with certain caveats, Salazar said, such as a minimum distance from shore of 50 miles.

Virginia's governor has also said he doesn't want to move ahead until there's more up-to-date data on the region's potential, because offshore seismic data is many decades old.

Interior bill to require enviro study of Atlantic Ocean oil drilling

E&E Daily, October 29, 2009; <http://www.eenews.net/EEDaily/2009/10/29/4>

Noelle Straub

The bill funding environmental agencies for fiscal 2010 directs the Interior Department to evaluate the potential significant environmental effects of oil and gas drilling off the Atlantic Coast.

The conference report accompanying the 2010 Interior appropriations measure, which Congress is expected to approve this week, contains a range of provisions that will affect offshore drilling, federal firefighting, renewable energy development and other land management issues.

Notably, it directs the Minerals Management Service to conduct a programmatic environmental impact statement of activities in the Atlantic outer continental shelf.

"Future coordinated efforts to pursue additional oil and gas resources in the outer continental shelf (OCS) must include the opportunity to apply advanced technologies, be based on the best available science, and take into account the potential environmental impacts of such potential development," the report says. "The conferees believe this request is consistent with the Department's stated desire to fill in information gaps relating to resource potential in the OCS."

Michael Gravitz, oceans advocate for Environment America, welcomed the provision. "Making MMS do a PEIS on seismic testing on the Eastern seaboard makes sense to me," he said. "The areas proposed for seismic testing are potentially huge, tens of millions of acres, and the impacts of seismic testing are sufficiently worrisome, particularly for large marine mammals like whales and other wildlife that an EIS is justified."

When Interior released a summary of oil and gas and wind energy potential on the federal outer continental shelf and potential effects of development in April, Interior Secretary Ken Salazar noted in particular that seismic data for Atlantic Coast oil and gas is 25 years old. The report cited data gaps on many environmental issues related to offshore energy development, both traditional and renewable, noting for instance that more information is needed about how noise from OCS energy activities affects marine mammals (E&E Daily, April 3).

The conference report also calls for a comprehensive assessment of the health, biodiversity and functioning of Arctic marine and coastal ecosystems, including the effects of industrial activities and of climate change.

"The conferees believe that there should be scientific analysis conducted by an independent entity to assess existing scientific information and identify any relevant additional information to ensure adequate environmental review of proposed industrial activities in the region," the report states, noting there have been expanded areas available for oil and gas leasing in the Beaufort and Chukchi seas.

The report also directs U.S. EPA to allocate sufficient funds and personnel to process OCS air permits for oil and gas drilling in a timely manner consistent with environmental laws. Within 90 days, the agency is directed to report on its progress, provide a detailed timeline for issuance of the pending permits and submit its plan to address this issue consistently among all affected regional offices.

Climate

The conferees urge the Council on Environmental Quality, working closely with Interior as the lead agency, to develop a "national, government-wide strategy to address climate impacts on fish, wildlife, plants, and associated ecological processes."

The strategy should focus on integration, coordination and public accountability to ensure efficiency and avoid duplication, the report said. The conferees expect to receive a timeline and a blueprint for the completion of such a national strategic planning effort, as well as regular updates as progress is made, they said.

The provision is similar to a measure included in the global climate change legislation now moving through Congress.

The conference agreement also includes a provision requiring a detailed report on the administration's obligations, expenditures and activities regarding climate change programs. "The conferees expect that the next budget request will include cross-cutting tables for all Federal climate change related activities including climate change observation, science, and management implementation of adaptation and mitigation," it says.

Firefighting, forests

The bill includes \$474 million for two new funds to cover the costs of the largest and most expensive wildfires. The new reserve accounts for the Forest Service and Interior could be tapped either if a fire reached a certain size -- more than 300 acres -- or if the agencies ran out of regular wildfire suppression monies.

Conferees also instructed the agencies to develop new methods for formulating fire suppression funding estimates as part of their fiscal 2011 budget request. The new methods are aimed at the problem of recent years when the Forest Service has run out of firefighting money and has had to transfer hundreds of millions of dollars from its other programs to cover wildfire costs.

"In formulating these estimates, the conferees expect the secretaries to consider data regarding actual prior-year fire suppression expenditures, predictive modeling, and any other criteria that they deem appropriate," the report said.

The report also requires the Agriculture and Interior departments to submit a joint report to Congress within one year that contains a cohesive wildfire management strategy, which has long been called for by government watchdog agencies.

The report did not include a provision that had been in the Senate version preventing the Forest Service from using \$2.8 million from the stimulus package for wildland fire management in Washington, D.C. The report noted that the agency was given legal authority to fund \$250 million of hazardous fuels reduction and forest health projects, including urban forestry.

"However, the conferees believe that greater priority should have been given to projects that both create jobs and reduce fire risk," the report states. "The conferees note that there appears to be an inadequate relationship between the geographical allocation of project funding by the Forest Service and the need for jobs to reduce unemployment. Further, the conferees remain troubled by the lack of transparency and the lack of communication from the Service and the Department of Agriculture related to the project selection process."

Barrasso spokesman Greg Keeley blasted the amendment's removal. "There are no wildlands in Washington," he said. "Funds to reduce wildland fire are desperately needed in Wyoming and throughout the West where a clear constant threat to person and property exists."

The report directs the agency to provide within 30 days a comprehensive list of all projects selected for stimulus funding and a detailed description of criteria used to select each project. It also directs that no additional funds from the stimulus be expended on urban and community forestry projects unless previously announced, and that in the future, any additional projects will be devoted to activities that directly reduce fire hazards on public and private lands.

As in previous years, the report also includes a provision continuing a prohibition on the cutting and sale of giant sequoia trees.

Renewable energy

The report addresses concerns raised during a Senate Interior Appropriations Subcommittee hearing in June about whether Salazar's push for renewable energy development on public lands could cause permanent environmental harm.

It directs Interior and the Forest Service within 180 days to submit a report on the criteria for siting renewable energy projects, a detailed strategic plan on how the agencies will coordinate their development, identification of specifically which areas of the public lands and the outer continental shelf will be considered for projects, an

analysis of the useful life of renewable energy sites, and describe how infrastructure will be removed when no longer functional.

"Proposed solar projects can each cover several square miles and the newest wind turbines are over 500 feet tall," the report said. "Appropriate siting of these projects and cost-appropriate size limitations are critical to ensuring that the pristine landscapes, limited water resources, and magnificent views of the country's public lands and coastlines are protected."

Last month, BrightSource Energy Inc. dropped plans to build a 5,130-acre solar farm in a part of the eastern Mojave Desert that Sen. Dianne Feinstein (D-Calif.), chairwoman of the Interior Appropriations Subcommittee, is hoping to turn into a national monument (Greenwire, Sept. 12).

The report also recommends that Salazar evaluate whether a cooperative agreement with states under the Endangered Species Act or the creation of a template "general habitat conservation plan" would improve the permitting process for solar projects on private lands in the California desert.

"The conferees believe that renewable energy developers should have less difficulty permitting their projects on disturbed private lands than on pristine public lands, in order to facilitate greater species protection and stewardship of public resources and public lands," the report states.

Land acquisition

The report says conferees are concerned that lands acquired with funds appropriated via the Land and Water Conservation Fund are being, or have been, made available for uses inconsistent with the recreation, conservation or public access for which they were purchased. The report directs Interior and USDA to notify the House and Senate Appropriations committees before any land use or management decision is made that will change the use of the land from conservation or recreational use.

Saying they want a single set of policies for implementing Land and Water Conservation Fund acquisitions, the conferees also directed the secretaries of Interior and Agriculture to jointly examine the policies and practices of each land management agency and submit a report by June 30, 2010.

Elk and horses

The report does not include a provision pushed by Sen. Byron Dorgan (D-N.D.) that would have directed the National Park Service to allow licensed hunters to be deputized to cull the elk overpopulation in Theodore Roosevelt National Park. Dorgan had said the Park Service has spent years and hundreds of thousands of dollars considering proposed solutions that are costly and "lacking in common sense."

The report also says appropriations shall not be available for destruction of healthy, unadopted, wild horses and burros in the care of the Bureau of Land Management or its contractors, or for the sale of wild horses and burros that results in their destruction for processing into commercial products.

House members urge ocean policy task force not to restrict OCS development

Oil & Gas Journal, October 28, 2009; http://www.ogj.com/index/article-display/4716949342/articles/oil-gas-journal/general-interest-2/government/2009/10/house-members_urge.html

Nick Snow

WASHINGTON, DC, Oct. 28 -- Proposals in an interim report by the Obama administration's Inter-Agency Ocean Policy Task Force must not interfere with the nation's ability to safely develop its offshore resources, 68 US House members said on Oct. 26.

It is critical that the task force's proposals do not inhibit offshore energy activity and undermine the US Minerals Management Service's 5-year Outer Continental Shelf leasing program, the 61 Republicans and 7 Democrats said in a letter to Nancy Sutley, who chairs the White House Council on Environmental Quality's task force.

"An ocean management policy that puts new restrictions on energy development would not only raise prices for consumers, but would negatively impact Americans working in the offshore energy industry and all Americans whose livelihood depends on access to affordable energy," the letter said.

“On the whole, this report reflects an ideology that is at odds with American energy independence and job creation in the energy economy,” said Rep. Bill Cassidy (R-La.), a Natural Resources Committee member who led the effort. “Responsible stewardship of our oceans and the responsible use of ocean resources are not conflicting aims. We don’t have to choose one over the other.”

“As the task force works to develop its final recommendations, [it] must recognize the importance of maintaining the multiple uses of our oceans,” added Doc Hastings (R-Wash.), the committee’s ranking minority member. “Members from both sides of the aisle will strongly oppose any efforts by the administration to use this report as means of establishing a backdoor moratorium on offshore energy development.”

Meanwhile, American Solutions for Winning the Future, a citizen action group involved in energy, economic, education, and science and technology issues, filed a Freedom of Information Act request with MMS for documents pertaining to tabulated results from the recent public comments on the US Department of the Interior agency’s proposed 5-year OCS plan.

Sources have indicated that MMS staff members have confirmed that the comments have been tabulated internally and that comments in support of offshore oil and gas leasing outnumber antidrilling comments by two to one. “As of this writing, there has not been a public announcement of these final results,” the group said. “American Solutions alone delivered 90,358 prodrilling comments, one of the largest sums for a single organization.”

Editorial: Learn, ask about offshore drilling tonight

Ft. Myers News Press, October 28, 2009; <http://www.news-press.com/article/20091028/OPINION/91027065/1015/opinion/Editorial--Learn--ask-about-offshore-drilling-tonight>

Editorial

Tonight’s forum in Tallahassee on offshore oil drilling gives people a wonderful chance to hear both sides face off on this profound issue for Florida, and to ask questions of a panel of experts pro and con.

Gannett Florida, including The News-Press, and Florida State University are sponsoring a Florida Forum on Energy Exploration 7 to 9 p.m. today from WFSU-TV in Tallahassee. This is in anticipation of state lawmakers’ taking up the issue, probably next year.

Whether to drill for oil or even clean natural gas off Florida’s priceless tourist beaches used to be easy to answer: “No way.”

That’s changed as public support for exploration has increased in some polls, and leading state politicians now support it.

So do we, if the right precautions are taken. Drilling technology has made offshore exploration and production much safer — safe enough in our view to justify at least assessing what’s out there. If it’s natural gas, so much the better. But we think a smart energy policy requires the avid pursuit of all resources — nuclear, alternatives such as solar, and fossil fuels.

We will need oil and gas for decades to come and should produce them domestically as much as possible for economic and security reasons.

In any case, this is no longer a moot point; it’s a live issue, and tonight’s forum is a chance to get information and give input.

Kerry seeks Interior input on oil and gas provisions

E&E News PM, October 27, 2009; <http://www.eenews.net/eenewspm/2009/10/27/7>

Ben Geman

Sen. John Kerry (D-Mass.) is seeking input from Interior Secretary Ken Salazar to inform offshore oil and gas drilling provisions that the senator plans to fold into climate legislation to help broaden the bill’s appeal.

Kerry and Sen. Lindsey Graham (R-S.C.) have called for including wider drilling and new nuclear power support in plans to enact mandatory curbs on greenhouse gas emissions. The senators plan to meet this evening to discuss the issue.

But Kerry, who has co-sponsored the major Senate climate bill (S. 1733), said that the drilling component is waiting on input he requested from Salazar.

"Secretary Salazar is going to report back to us on what his view is of the possibilities for domestic production issues," Kerry said today. He later noted that "we're talking to him about what may or may not be acceptable and feasible."

Kerry declined to say what he and Graham may have in mind with respect to wider leasing on the outer continental shelf.

"I don't want to speculate at this point on anything, before Secretary Salazar reports back and before Lindsey and I have had a chance to sit down and sort of look at the parameters of this," Kerry said. "So I think it's dangerous to get out there and start speculating on what may or may not be on the table or off the table right now."

Salazar confirmed plans to discuss the issue with the two lawmakers.

"We will be working with Senator Kerry and Senator Graham and others on the production components of what would be a part of a comprehensive energy bill. We don't have a formal position today on what that would be," Salazar said after appearing before the Senate Environment and Public Works Committee today.

A separate bill already approved by the Senate Energy and Natural Resources Committee, S. 1462, would expand acreage available for leasing in the eastern Gulf of Mexico. Democratic leaders plan to join them on the Senate floor.

Guess the Country with the World's Largest Energy Reserves

NRO, October 27, 2009; <http://planetgore.nationalreview.com/>

[Greg Pollowitz]

If you guessed the United States, you can have a cookie. Sen. James Inhofe (R., Okla.):

This week, as the Senate Environment and Public Works Committee kicks off hearings on the Kerry-Boxer cap-and-trade bill, one argument Democrats will spout over and over is that America is a nation poor in natural resources. As seen from the quotes below, we are shamed into the belief that America possesses too little and consumes too much:

"With 3 percent of the world's oil reserves, the U.S. cannot drill its way to energy security," then-presidential nominee Barack Obama wrote on his campaign website in 2008. House Speaker Nancy Pelosi (D-Calif.) stated, "All told, the U.S. has only 1.6 percent of world's known oil supply." And in the Senate, Majority Leader Harry Reid (D-Nev.) added, "The math is simple: America has just 3 percent of the world's oil reserves, but Americans use a quarter of its oil."

While America's proven oil reserves are just 21 billion barrels, which do constitute a small percentage of the world's proven oil reserves, it represents a narrowly construed, inaccurate depiction of America's true resource endowment. Their "math" calculates just a fraction of the real numbers.

To estimate proven oil reserves, a country must first allow drilling to prove those potential reserves — but for America that's impossible to do when 83 percent of federal onshore land is inaccessible or restricted due to our own government policies. Moreover, for decades Democrats have aggressively pushed these same policies to wall-off the Outer Continental Shelf for both the East and West coasts and large portions of the Gulf. Consequently, 21 billion is an opportunistic assessment for those who oppose drilling — if drilling is not allowed, reserves can't be proved. However, unlike our own Democrats, the Saudis, Canadians, Chinese and Russians pursue policies to prove and produce resources, not hide them. In this larger context, proven reserves represent a small, poor reflection of America's actual oil endowment.

Fortunately, a new government report from the nonpartisan Congressional Research Service (CRS) sheds light on the true picture of America's energy resources. The comprehensive assessment looks beyond the Energy Information Administration's estimates of proven reserves to include government estimates from the U.S. Geological Survey and the Minerals Management Service to include America's recoverable oil resources from areas both accessible and inaccessible to drilling. The results show the U.S. endowment of recoverable oil to be 167 billion barrels of oil, not 21 billion — nearly eight times higher than the number pedaled by Democrats. Remarkably, 167 billion is the equivalent of replacing America's current imports from OPEC countries for more than 75 years.

But still, oil resources offer only a glimpse of the full picture. CRS also reveals that America's combined recoverable natural gas, oil, and coal endowment is the largest on Earth. In fact, America's recoverable resources are far larger than those of Saudi Arabia (3rd), China (4th), and Canada (6th) combined. And, that's without including America's absolutely immense oil shale and methane hydrates deposits.

Why do Democrats so often downplay and deny America's abundance of energy supplies? Our overwhelming wealth of coal, natural gas and oil resources represent tens of trillions of dollars in economic growth and security, and millions of American jobs. By targeting carbon dioxide, the long-term goal of the Kerry-Boxer bill is to take these assets off the table — to tax these resources out of use. Cap-and-trade is merely the latest attempt to further isolate America's access to our own coal, oil and natural gas supplies.

Thomas Ballentine: Promise of drilling is vastly overblown

Tallahassee Democrat, October 27, 2009;

<http://www.tallahassee.com/article/20091027/OPINION05/910270304/Thomas+Ballentine++Promise+of+drilling+is+vastly+overblown>

Thomas Ballentine

My View

The recent hype concerning offshore oil and gas drilling in Florida falls into the category of "Much ado about almost nothing."

First, the near-shore waters off Florida's western Panhandle contain not oil but deep natural gas, and not so very much of that. The U.S. Minerals Management Service estimates that, as of Dec. 31, 2005, the entire Eastern Planning Area of the Gulf of Mexico contained 454 billion cubic feet of proven natural gas reserves. If this natural gas were to be produced over a 10-year period, it would provide approximately 125 million cubic feet per day, but this would provide only 5 percent of Florida's daily natural gas consumption.

Whether this deep offshore gas will be economically recoverable when natural gas is currently being sold for a dirt-cheap \$3.50 per thousand cubic feet remains to be seen. It will take billions of dollars of investment and five to seven years before any of this gas ever reaches shore. What is sure in the meantime is that low natural gas prices have caused the number of U.S. drilling rigs exploring for natural gas to fall from 1,600 one year ago to less than 700 today.

Secondly, Florida's crude oil production glory days have already long passed. In 1978, the Panhandle's Jay field achieved a peak production of nearly 100,000 barrels per day. Today it produces approximately 4,000 barrels per day, just enough to keep half of Leon County running.

After the Jay field's discovery in 1969, the oil industry blanketed Florida and its offshore waters with seismic surveys searching for the geologic structures that might contain oil and gas; thus there is a considerable amount of existing information as to Florida's oil and gas potential.

With this seismic data and a good number of exploratory wells, and years before an offshore drilling embargo was imposed, the industry chose not to move aggressively to develop its offshore discoveries. After drilling the massive Destin Dome anticline south of Pensacola in 1977 and 1979 and finding it not slosh full of crude oil, the area's less than amazing hydrocarbons were placed on the back burner. After all, the following decade was one of cheap, prolific oil flowing from Alaska, the North Sea, and the Mexican super giant oil field, Cantarell.

Where's the offshore crude oil? Witness that Coastal Petroleum Co. owned drilling rights in state waters for almost 60 years, most of these before drilling embargoes, and never drilled a single producing well. Neither was Coastal able to sell these rights to another oil company. As for the U.S. Minerals Management Service, it estimates that the Eastern Planning Area of the Gulf contained only 1 million barrels of crude oil, or less than a one-hour's supply for the U.S.

Only the Federal waters off the panhandle west of Panama City are thought to contain producible quantities of hydrocarbons. Beneath the rest of the Florida platform east of the Panhandle and west of the peninsula all the way to the Keys is an extremely thick layer of highly porous carbonate rocks without petroleum source rocks beneath or seal rocks above — in other words, highly unlikely to contain producible quantities of oil or gas.

Our state alone consumes more than 730,000 barrels (42 gallons per barrel) per day of petroleum products in the form of gasoline, diesel fuel and kerosene-based jet fuel. This, incidentally, is 1 percent of total global crude oil production. Sustainable? Not in a world with billions of up-and-coming third world entrepreneurs. So let's stop pipe dreaming about vast quantities of oil and gas off Florida and, instead, begin serious preparation for an inevitable paradigm change as the world's oil production begins its inexorable decline.

Lawmakers fear hurdles to offshore drilling

Houston Chronicle, October 27, 2009; <http://www.chron.com/disp/story.mpl/business/6687059.html>

Jennifer A. Dlouhy

WASHINGTON — A group of 69 lawmakers, including Reps. Henry Cuellar, D-Laredo, and a number of Texas Republicans on Monday urged a White House oceans task force to avoid creating any new obstacles to offshore oil and gas drilling.

The House members said they were concerned that President Barack Obama's Interagency Ocean Policy Task Force was focusing too “heavily on environmental stewardship” of the marine waters and was giving short shrift to “other national priorities,” including coastal energy development.

Obama created the group in June to make recommendations for protecting “the health of ocean, coastal and Great Lakes” resources. In an interim report in September, the group suggested creating a new National Ocean Council that would guide decisions about drilling, recreation and fishing in the Great Lakes and coastal waters.

The group is set to issue a final report by December.

In a letter to Nancy Sutley, chairwoman of the White House Council on Environmental Quality and the head of the oceans policy group, the lawmakers said they were concerned the task force's work could hamper U.S. efforts “to safely develop its own offshore energy, including oil, natural gas and renewable energy.” The letter also expressed concern that the task force's recommendations could undermine an existing Interior Department plan that governs offshore oil and natural gas leases until 2012.

“It is critical that the task force's proposals do not inhibit energy activity offshore in domestic waters,” the lawmakers said. They urged the task force to ensure “that offshore areas surrounding the Gulf, Atlantic, Pacific and Alaskan coasts are open to responsible oil, natural gas and alternative energy development.”

Signers included Texas Republican House members Joe Barton, Kevin Brady, John Culberson, Louie Gohmert, Kenny Marchant, Michael McCaul, Pete Olson, Ted Poe and Pete Sessions.

Public comments

Separately, a conservative group on Monday prodded the Obama administration to reveal the breakdown of roughly half a million public comments that were filed about a Bush-era plan to open up broad offshore areas for oil and gas drilling.

The group American Solutions, headed by former House Speaker Newt Gingrich, made the push in a Freedom of Information Act request to the federal government.

At issue is a stalled Bush administration proposal to open up as many as 300 million acres off the Atlantic and Pacific coasts to oil and gas drilling. After Interior Secretary Ken Salazar set an initial March 23 deadline for the public to weigh in on the draft plan, he extended the public comment period to Sept. 21.

2-to-1 margin?

In the written information request, Vince Haley of American Solutions said he believes that government workers "have confirmed" that comments supporting offshore drilling outnumbered anti-drilling comments by a 2-1 margin. That dovetails with public opinion polls showing most Americans favor more drilling in the outer continental shelf, he said.

A Minerals Management Service spokesman said the agency would provide a break-down after it had finished analyzing the submissions.

Haley said that a strong majority in favor of expanded coastal drilling would put pressure on the administration "to explain why they aren't moving forward."

Salazar has suggested that the Interior Department could wait until the current plan governing outer continental shelf energy leases expires in 2012 before issuing a new one. The five-year plan proposed under former President George W. Bush would have covered leasing from 2010 through 2015 and would have opened up areas where drilling has been off-limits.

If the Bush plan survives at all, Obama administration officials have signaled it is likely to be sharply curtailed.

Kerry Targeting Other Committee Heads as Climate Bill Hearings Begin

CQ Today, October 26, 2009;

<http://www.cq.com/document/display.do;jsessionid=2319694C1CE823BFEDD772C95C27EB1F.upolu?matchId=89018930>

By Coral Davenport

Senate Environment and Public Works Chairwoman Barbara Boxer will be the public face of climate change legislation during three days of hearings this week. But it is Massachusetts Democrat John Kerry who is emerging as the pragmatic dealmaker trying to put together a compromise that could win 60 Senate votes.

Kerry is holding a series of private meetings this week that could eventually lead to a bill very different from the version (S 1733) now before Boxer's committee.

On Monday, Kerry met privately with Majority Leader Harry Reid, D-Nev., to talk strategy for moving the bill through the other committees with jurisdiction over slices of the legislation — most of which are headed by chairmen with decidedly less environmentalist bents than the liberal Boxer.

Reid was spurred in part to press for movement on the climate bill by a call he received Monday from U.N. Secretary-General Ban Ki-moon, who stressed the urgency of Senate action before a U.N. conference in Copenhagen, Kerry said.

"I think we're going to deliver some movement because we're working in [Environment and Public Works] to deliver the Kerry-Boxer bill out," Kerry said Monday. "But we're also trying to advance what we're doing with respect to the other committees that are still outstanding. We're going to have a meeting with the chairs, see where everyone can get together, what's plausible, what makes sense."

Kerry said Reid intends to schedule a meeting soon with Finance Chairman Max Baucus of Montana; Commerce, Science and Transportation Chairman John D. Rockefeller IV of West Virginia; Agriculture, Nutrition and Forestry Chairwoman Blanche Lincoln of Arkansas; Energy and Natural Resources Chairman Jeff Bingaman of New Mexico; and Kerry himself, who heads up the Foreign Relations panel.

The aim would be to set a timetable for the committees to act on the bill.

Meanwhile, Kerry is also scheduled to meet this week with Republican Lindsey Graham of South Carolina, who has said he could back a climate bill that includes expansion of nuclear power and offshore drilling.

Room to Negotiate

When Kerry and Boxer unveiled their bill in September, they left blank many important details, including the formula for allocating billions of dollars worth of pollution permits. The objective was to leave room to negotiate with key constituencies, including senators representing states dependent on coal production, heavy manufacturing and agriculture.

The chairwoman's mark that Boxer, D-Calif., released late Oct. 23 follows closely the outline of the bill (HR 2454) that squeaked through the House in June.

Both bills would cap the emissions of carbon dioxide and other gases that contribute to global warming and allow polluters to buy and sell government-issued emissions allowances.

As in the House bill, the majority of pollution permits — 35 percent — would be given out to electric utility customers to defray the cost of increases in electricity bills expected to result from the legislation.

In the early years of the plan, states would receive about 10 percent of the permits to invest in renewable energy and energy efficiency. Natural gas distribution companies would receive 9 percent of the permits, and 5 percent would go toward preventing tropical deforestation.

Energy-intensive industries that would otherwise suffer disproportionately rising costs under the system, such as steel and cement manufacturing, would receive 4 percent of the permits in 2012 and 2013, rising to 15 percent in 2014 and 2015.

Clean transportation technology would get 2.21 percent of the allowances in 2012 and 2013. Agriculture, forestry and renewable energy would get 1 percent of the allowances in 2012 and 2013. Utilities would get 1.75 percent of the allowances for investing in carbon capture and sequestration for power plants that burn coal, rising to 5 percent after 2020.

An EPA analysis released with the detailed bill on Oct. 23 concluded that as written, it would likely have only a modest impact on the economy, costing the average household about \$100 a year, roughly similar to the House-passed bill.

Unsatisfied Groups

But some of the interest groups that Boxer and Kerry were trying to reach out to, as well as the senators that represent them, said the tweaks made in the chairwoman's mark are insufficient.

For example, farm groups complain that they have pressed for a robust "carbon offset" program that would allow farmers to sell credits for fallow and forest land that absorbs carbon emissions, overseen by the Agriculture Department rather than the EPA. They also want farmers to be able to sell an unlimited amount of offsets, rather than be subject to the offset caps in both the House and Kerry-Boxer bills.

"It doesn't have enough," said Liz Friedlander, a spokeswoman for the National Farmers Union. "None of what we asked for is in this bill."

Michigan Democrat Debbie Stabenow, who has been meeting with the farm groups, is writing a bill focused on farm offset provisions, which may be introduced as soon as this week. The provisions of that bill may be melded with the legislation ultimately destined for the Senate floor, in order to assure the votes of farm state Democrats.

Is Secretary Salazar Withholding Evidence That Americans Want to Drill Offshore by a 2:1 Margin?

Reuters, October 26, 2009; <http://www.reuters.com/article/pressRelease/idUS207898+26-Oct-2009+PRN20091026>

Dan Kotman, American Solutions for Winning the Future

WASHINGTON, -- American Solutions filed today a Freedom of Information Act (FOIA) request with the Minerals Management Service (MMS) of the Department of the Interior (DOI), requesting documents pertaining to the tabulated results of the recent public comment period for DOI's five-year energy plan for offshore oil and gas drilling.

American Solutions sources have indicated that MMS staff has confirmed that the comments have been tabulated internally and those comments in support of offshore drilling outnumber anti-drilling comments by a 2-1 margin. As of this writing, there has not been a public announcement of these final results.

American Solutions alone delivered 90,358 pro-drilling comments, one of the largest sums for a single organization.

In May, during a discussion about offshore exploration in San Francisco, Interior Secretary Ken Salazar said that President Obama directed him to "to make sure that we have an open and transparent government" and that "these are not decisions that are going to be made behind closed doors." Salazar went on to say that the DOI was "maximizing the opportunity for the public to give us guidance on what it is that they want to do."

"It's time for Secretary Salazar to live up to President Obama's promise of openness and transparency and release the final number of comments, pro and con," said Vince Haley, Vice President for Policy at American Solutions. "The American people deserve to know whether an overwhelming majority of Americans support more drilling for American energy offshore. If the Secretary is stalling on releasing these tabulations, it begs the question: What does he have to hide?"

The FOIA request asks for eight specific items, including the public comment totals, the proposed method of disclosing the comment totals, correspondence between senior MMS and Interior Department officials, and any documents related to the environmental and legal impacts of the proposed five-year energy plan.

"It defies commonsense that the Senate is starting hearings this week on the Boxer-Kerry cap and trade energy tax bill that will kill jobs, while at the same time Secretary Salazar is failing to disclose what is likely to be overwhelming American support for the creation of hundreds of thousands of jobs through greater offshore development," Haley said.

Study finds huge resources -- and barriers -- in Arctic

E&E News PM, October 26, 2009; <http://www.eenews.net/eenewspm/2009/10/26/6>

Ben Geman

The Arctic might hold almost a quarter of the world's undiscovered conventional oil and gas, but developing these massive resources will be extremely expensive and require the resolution of competing sovereignty claims, according to a new federal Energy Information Administration analysis.

The report, released last week, says the region above the Arctic Circle may contain the equivalent of 412 billion barrels' worth of undiscovered, technically recoverable oil, natural gas and natural gas liquids.

Seventy-eight percent of this is natural gas and natural gas liquids. The overall resource base equals 30 percent of the world's undiscovered gas resources and 13 percent of its oil. The North American Arctic regions are more oil-prone, while the Eurasian regions are more gas-prone.

These figures do not consider the world's supply of unconventional resources such as oil sands and shale gas, which would shrink the Arctic's percent share.

Nonetheless, it is a massive resource, but the EIA analysis says barriers to development are large.

"The fact that the Arctic is particularly rich in natural gas and NGL [natural gas liquids] may impede the exploitation of its resources, because the world's natural gas consumers live far from the Arctic and the long-distance

transportation of natural gas and NGL is considerably more expensive than oil transportation due to the significantly lower energy density of these fuels relative to crude oil," it states.

Oil and gas development is also difficult due to equipment needed to withstand frigid air, long supply lines to manufacturing regions and high transport costs, and many other factors that raise costs in this tough terrain.

To illustrate the challenges, the study notes that many existing large oil and gas fields in Arctic regions remain undeveloped.

Perhaps most famously in the United States, the estimated 35.4 trillion cubic feet of natural gas on the Alaska's North Slope -- much of which is in the Prudhoe Bay field, which has for decades been producing oil -- remains untapped due to the absence of a gas pipeline. U.S., Alaskan and industry officials are seeking to launch a pipeline to bring this North Slope gas to markets in the lower 48 states.

The study also notes other nonphysical barriers, such as the legal challenges, that can increase project costs, pointing to lawsuits that have delayed Royal Dutch Shell PLC's drilling plans in federal waters off Alaska's northern coast. Indeed, the Arctic contains many sensitive wildlife and plant species, such as polar bears and whales.

Another challenge are competing national claims to regions above the Arctic Circle, with overlapping economic sovereignty claims among nations including Russia, the United States, Canada and Norway. Unresolved claims could delay development, the report finds.

The growing realization of abundant shale gas formations -- which could produce as much as 16,000 trillion cubic feet -- in other regions that are easier to access could also prevent Arctic projects. Shale gas development has grown in several U.S. states like Pennsylvania, Texas and Louisiana.

Overall, the report concludes that the Arctic is a "good news, bad news" situation for oil and gas development.

"The bottom line for Arctic oil and natural gas potential is that high costs, high risks, and lengthy lead-times can all serve to deter their development in preference to the development of less challenging oil and natural gas resources elsewhere in the world," it states.

"Also, the less abundant Arctic oil resources will be more readily developed than the Arctic's natural gas resources," the report adds. "Thus, while the Arctic has the potential to be a more important source of global oil and natural gas production sometime in the future; the timing of a significant expansion in Arctic production is difficult to predict."

House members fear Obama oceans policy could clip energy development

E&E News PM, October 26, 2009; <http://www.eenews.net/eenewspm/2009/10/26/4>

Ben Geman

A group of 69 House members is urging the White House not to allow a planned national oceans policy to curtail offshore energy development.

In a letter to Council on Environmental Quality Chairwoman Nancy Sutley today, the 59 Republicans and 10 Democrats said they fear that proposals by a federal Oceans Policy Task Force could inhibit offshore oil, gas and renewable energy development.

CEQ leads the multi-agency task force aimed at coordinating oceans policy, which is now splintered among many agencies. Last month, it issued an interim report with ideas for improving oceans protection.

"The policies and principles that are advocated in the Interim Report focus heavily on environmental stewardship, which is one of several important priorities," states the letter from members including Rep. Doc Hastings (R-Wash.), the ranking member of the Natural Resources Committee, and Agriculture Chairman Collin Peterson (D-Minn.).

"However, the Interim Report does not adequately support other national priorities, including the economic development of ocean resources and the recreational use of our waters," it adds.

The letter says that an ocean management policy that puts new restrictions on offshore energy development would raise consumer costs and harm workers in the offshore industry. It also says energy development is compatible with ocean stewardship.

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

It also sets five areas of "special emphasis" for ocean conservation: climate change adaptation, regional ecosystem protection, water quality on land, and environmental stewardship in the Arctic and Great Lakes (E&ENews PM, Sept. 17).

2 tribes object to Cape Wind turbines

Boston Globe, October 26, 2009;

http://www.boston.com/lifestyle/green/articles/2009/10/26/2_tribes_object_to_cape_wind_turbines/

Say Nantucket Sound is cultural property

By Beth Daley

Native American rituals and beliefs have emerged as a surprising last-minute obstacle to federal approval of the nation's first offshore wind farm, threatening to significantly delay the Cape Wind project.

Two Massachusetts tribes say the 130 proposed wind turbines in Nantucket Sound would disturb their spiritual sun greetings and submerged ancestral burying grounds.

The Aquinnah and Mashpee Wampanoag tribes - with help from the main opposition group to Cape Wind - are pushing for the entire sound to be listed as a traditional cultural property on the National Register of Historic Places. A listing by itself would not necessarily stop the project, but would make permitting much more cumbersome.

And even if the tribes' proposal is ultimately rejected as many observers predict, the issue will probably hold up a final decision on Cape Wind by Interior Secretary Ken Salazar, whose ruling had been expected shortly. The concerns of the tribes had been seen as a minor annoyance by supporters of the project, and the federal agency in charge of reviewing and granting permits for Cape Wind had maintained that federal waters are not eligible for listing. But officials of the federal Minerals Management Service say they became aware in June they were obligated to rule on the historic register eligibility question.

The agency is federally required to consult with Massachusetts State Historic Preservation Officer Brona Simon, who earlier this year criticized the federal government for not giving enough consideration to tribal concerns. If she says Nantucket Sound is eligible for listing on the historic register, the National Park Service would have to resolve the dispute. That could inject delays of more than a year into the Cape Wind timeline, according to state and federal environmental officials. Simon, who declined to comment through a spokesman, must make her decision by mid-November.

The Native American effort, which Cape Wind supporters say has already delayed the project's approval at least seven months, is being closely watched by the wind energy industry. If the 560-square mile Nantucket Sound is listed, other bodies of water across the country could be too, potentially making it more difficult for other wind farms - or other industries - to operate offshore.

"We have concerns on the precedent this might set on other wind projects," said Laurie Jodziewicz, manager of siting policy for the American Wind Energy Association. "This is awfully late in the process for this to be coming up."

The tribes' objections to Cape Wind are in part a variation on detractors' original main complaint: The turbines will detract from the view. Since 2004, the Wampanoag have communicated to federal officials that Nantucket Sound is critical to their spiritual well-being. Tribal representatives say their culture greets the sunrise each day, sometimes from sacred sites on the shore of Nantucket Sound, and this ritual requires unobstructed views.

"We are known as The People Of The First Light," said Bettina Washington, tribal historic preservation officer for the Aquinnah Wampanoag Tribe on Martha's Vineyard. "This is so important to us." She and George "Chuckie"

Green of the Mashpee Wampanoag Tribe also said their ancestors hunted and walked upon the seabed in Nantucket Sound when it was dry land thousands of years ago. "Our people are buried there," Green said.

During the last ice age, so much of the world's water was locked in glaciers, New England's coast extended more than 75 miles farther from today's shore. Archeological excavations in Nantucket Sound have found tantalizing evidence of a submerged forest six feet under the mud, but no signs of Native American camps or other signs of human life.

Supporters of the project and Cape Wind officials say the tribes' views are perplexing. Federally designated traditional properties tend to be defined areas, such as a boundary surrounding a ceremonial site - not an enormous body of water, according to a letter state Energy and Environmental Affairs secretary Ian Bowles and Secretary of Housing and Economic Development Gregory Bialecki sent to the MMS this summer. It urged the agency to issue a final favorable decision on the project.

In an interview, Dennis Duffy, vice president of Cape Wind Associates, noted that the Aquinnah Wampanoag may erect wind turbines themselves. "It's odd they would raise this argument while simultaneously proposing their own wind project on tribal land designated as a scenic landscape," he said.

Cape Wind supporters say the Wampanoag complaints have been publicized by the Alliance to Protect Nantucket Sound, the main opposition group. Alliance and Wampanoag officials say they are working together because they have similar goals.

Federal regulations require that permitting agencies take into account the effect a project could have on historic properties. If the impact is considered "adverse", alternatives or modifications to the project can be considered - but are not required, according to the Advisory Council on Historic Preservation, an independent federal agency. An adverse finding rarely kills projects, the advisory council said.

The Minerals Management Service originally ruled in a 2008 draft environmental impact report that only three historic properties would be affected by Cape Wind - and not the Wampanoag. After a public comment period, however, the service revised its assessment in the final environmental report issued early this year, determining the project would adversely impact 28 historic property views and the "traditional religious and ceremonial practices" of the Aquinnah and Mashpee Wampanoag. Normally, when adverse findings occur, interested groups work to come up with an agreement.

But that is not expected until a resolution of the Wampanoag request to determine if Nantucket Sound is eligible to be on the historic register. Even if it is ultimately determined eligible, the property would still have to undergo a review to determine if it should be listed.

The Wampanoag say it is wrong to blame them for delays, and have complained in the past that MMS officials dismissed their concerns early on. MMS officials, meanwhile, detailed in a letter to the Wampanoag and others many times the Wampanoag have canceled or postponed meetings in the last year.

"The MMS is moving through the permitting process for an offshore renewable energy project for the first time and we are making sure that this is done in an environmentally and technically safe manner with extensive consultation with local communities," said agency spokesman Nicholas Pardi.

Solving the energy issue

Sun-Sentinel, October 26, 2009; http://www.sun-sentinel.com/news/opinion/letters/sfl-offshore-drilling-letter-m10pnoct26_0_6323916.story

Edward Coles, Boca Raton

In response to your Oct. 19, 2009 editorial, "NOAA raises concerns over oil drilling": Warnings about the threats to the environment, reportedly coming from the National Oceanic Atmospheric Administration. They, of course, want to ban drilling until oil companies dramatically step up their ability to prevent and clean up oil spills. In the minds of the environmentalists, oil drilling will never be safe enough. This goes for nuclear power development as well. This is their mind set and do not confuse them with facts.

The reality is offshore drilling is cleaner than Mother Nature. Indeed since 1980 — as U.S. Minerals Management Service figures indicate — 101,997 barrels spilled from among the 11.855 billion barrels of American oil extracted offshore. This is a 0.001 percent pollution rate. While offshore drilling is not 100 percent spotless, this record should satisfy all but the terminally fastidious.

Thirty-plus years ago, President Carter, in responding to our energy problem, said the problem with America is that we suffered from a "malaise," so instead of curing the problem, our political leaders, the wise and powerful folks, responded that drilling would take too long to be of assistance to solve our energy problem. Meanwhile, I am still awaiting a solution to this same energy problem, except, I am now a grandfather.

Eastern states want a leadership role on marine wind policy

ClimateWire, October 26, 2009; <http://www.eenews.net/climatewire/2009/10/26/5/>

Evan Lehmann

Coastal states seeking to establish a central voice on offshore wind released a 50-page white paper Friday about ocean-based turbines that urges the U.S. government to devote more resources to the untapped power source.

It underscores a strategy by energy experts in Eastern states to mount a coordinated campaign to accelerate the construction of offshore wind facilities along their seashores, even as the federal government struggles to approve what could be the nation's first seafloor lease, for Cape Wind along Massachusetts.

The paper, titled "A Path Forward," warns that the United States "still does not have a national, consistent set of long-term financial guarantees available to investors in offshore wind development."

That seems to have contributed to the nation's delay in erecting fields of towering turbines in the ocean, an energy source that experts believe will cost twice as much to produce as its onshore counterpart. The paper argues that offshore wind requires much stronger financial help than other renewable energy sources because it can take years to get projects approved, and because developers face staggering risks by working miles from shore.

"More aggressive financial incentives would help the U.S. become a global leader in the offshore industry," the paper says, suggesting that a national renewable electricity standard and feed-in tariffs would increase demand for wind power.

More financial help is 'imperative'

The Department of Energy currently does not have incentive programs designed specifically for offshore wind, though marine developers could cash in on existing tax credits and other programs designed for onshore wind projects. That's not enough, they say.

"We have to be realistic here," said Jim Gordon of Cape Wind Associates, which hopes to build a 130-turbine facility 5 miles off the coast of Cape Cod in Massachusetts. "We have to provide incentives for these projects to match the long-term planning horizons."

Consider this timeline: Cape Wind was proposed over eight years ago, but the whopping economic stimulus plan enacted recently by Congress only extends the production tax credit for wind through 2012.

That's enough time to build an onshore project, which could then claim the tax credit of 2.1 cents for every kilowatt-hour of electricity it produces for 10 years. But it's probably not enough time to get an offshore wind farm approved and built, Gordon says.

"If the incentives disappear in 2012, there isn't going to be a whole lot available for offshore wind," he added. "That's why it's imperative that they be extended."

As it is, other renewable energy sources are given more time to cash in on the production tax credit. Hydro, geothermal, municipal solid waste and bioenergy projects can tap into the program until 2013, though the credit is only 1 cent per kilowatt-hour. Solar developers can reap its rewards until 2016.

Wanted: baseline data on the marine environment

The white paper says offshore wind projects need a 10-year commitment from the government, at least. Moreover, Washington needs to make funding for new technologies a "priority," the paper says, noting that the United States will need to invent new forms of turbines because of the nation's deep coastal waters. That could include turbines that float like buoys.

The white paper marks a tangible emergence of the offshore wind collaborative, a collection of state experts from Maine to Maryland and beyond who believe an offshore industry will grow faster if states coordinate their efforts.

The teamwork is coming at a sensitive time for the East Coast, which has several states, like New Jersey, Delaware and Rhode Island, locked in a race to build one of the nation's first marine wind farms. That could have the effect of attracting manufacturers to states during a widespread economic tumble.

Still, the collaborative's message hinges on the idea that the entire industry -- not one project -- must move forward, benefiting all states with strong ocean winds.

The paper establishes broad goals that could accelerate approval of offshore wind farms, like the development of "baseline data on the marine environment."

The lack of that knowledge currently, including data on whale populations, bird migration patterns and seafloor activity of marine life, is "a barrier to effective planning for offshore wind development," the paper says.
