



**NATIONAL
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INDUSTRIES
ASSOCIATION**

May 17, 2010

Submitted via email to GGEIS@mms.gov

Minerals Management Service
Gulf of Mexico OCS Region
Regional Supervisor, Leasing and Environment (MS 5410)
1201 Elmwood Park Boulevard
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Subject: Geological and Geophysical Exploration on the Mid- and South Atlantic Outer Continental Shelf (OCS) - Reopening of Comment Period for the Programmatic Environmental Impact Statement (PEIS)

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

The OCS is a major component of the domestic energy supply for this country. Providing over 27% of the oil and 14% of the natural gas produced in this country, the OCS is vital to our energy security. Making sure the resources of the Atlantic OCS are adequately surveyed so they may play a role in providing future resources to the country will be critical in going forward toward enhancing our domestic energy security.

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

General Comments

The United States has vast oil and natural gas resources in the OCS that should play a critical role in meeting America's future energy demand, providing jobs and fueling the economy. The Outer Continental Shelf of the United States is estimated to contain 420 trillion cubic feet of natural gas and 86 billion barrels of oil from untapped federal OCS resources. For the Atlantic OCS specifically, the estimates are 37 trillion cubic feet and 3.8 billion barrels of oil.

It is important to bear in mind that these estimates may very well be conservative. The reason for such under-estimation is that areas like the Atlantic OCS have not benefited from the use of new seismic and computer modeling technology and some areas remain largely unexplored. Although it is difficult to accurately estimate the amount of resources until the industry actually starts to develop an area, further exploration generally leads to increased resource estimates. For example, between 1995 and 2003, estimates of oil resources in the Central and Western Gulf of Mexico increased by over 400% (6.32 billion barrels to 33.39 billion barrels) while natural gas resource estimates in the area more than doubled (88.1 Tcf to 180.2 Tcf).

Nevertheless, even taking these current, conservative estimates as a baseline means developing these resources would translate into thousands of jobs for hardworking Americans and millions of dollars in government revenue. The offshore oil and gas industry in the Gulf of Mexico already supports nearly 200,000 jobs either directly or indirectly. Oil and gas royalty payments are the second largest revenue source to the federal treasury, trailing only income taxes. As funds from these royalties are dispersed through the Land and Water Conservation Fund, their economic impact is not limited to traditional oil and gas-producing regions, but reaches all 50 states and the District of Columbia.

In addition to fueling job-creation and economic recovery, these resources are essential to our country's future energy security. The oil and natural gas industry, by its nature, operates from a long-term perspective. Given global economic and population growth estimates, improvements in efficiency alone—or growth in alternative energy sources—will not be enough to meet our needs. We will need more energy both in the United States and around the world.

When considering the development of oil and natural gas resources, we must remember that U.S. domestic production comes from hundreds of thousands of wells in thousands of oil and natural gas fields, both onshore and offshore. With the exception of a few very large fields, the bulk of our current production comes from fields that can be characterized as only a few weeks or months of supply. Each discovery makes a proportional contribution to supplies of more than 10, 20, or in some cases, 50-plus years. Because of our significant demand needs, the United States requires a constant supply of new discoveries to replace declining production from existing and end-of-life wells. The geological and geophysical surveys being studied in this PEIS are one of the first steps in finding future supplies and beginning this process in areas with enormous potential.

Specific Recommendations

1. NOIA strongly urges the Minerals Management Service (MMS) to expedite the timeline surrounding PEIS development so that this essential data can be available as soon as possible. The MMS and other federal agencies that will be collaborating on the PEIS should ensure that they have the financial and personnel resources needed to

complete the PEIS in a timely manner. Any delay in the completion of the PEIS will prove significant because of the lead time needed to plan, acquire and process new geophysical data. Once the data is collected, oil and natural gas companies will require additional time to evaluate the data before it can be used in their exploration efforts.

2. NOIA encourages MMS to broaden the scope of the PEIS to include the North Atlantic region as well. In order for public policy decisions to be based on the best available science, the data collected should be as comprehensive as possible. Geologists both within the federal government and at the oil and natural gas companies need geological and geophysical data to make accurate determinations about where resources may be – and may not be – located before they can decide where it makes most sense to allow exploration and production. The incremental cost and time to extend the scope of the PEIS to the North Atlantic Planning area would be minimal and would allow for data acquisition to occur to inform future decisions including renewable energy siting requirements and oil and natural gas resource assessments and leasing.

3. MMS and other agencies involved should leverage off of existing scientific and environmental studies already performed. The government has played a leading role in performing scientific studies and since 1973, federal agencies have dedicated \$840 million dollars to performing more than 5,000 scientific studies on the environmental effects of offshore oil and gas activities. The PEIS should not reinvent the wheel, but instead seek to fill gaps in the existing body of work that informs public policy in this area.

4. MMS should be exhaustive in its safety analysis, but must also focus the PEIS on documented incidents and scientific reports. Despite the current, exploration-related situation in the Gulf of Mexico, the environmental and safety record of the offshore geophysical industry is strong. In more than 50 years of offshore geophysical exploration, there has been no evidence to suggest that routine seismic surveys result in population-level impacts for any marine mammal species. The studies have been very consistent in their conclusions on this topic. Furthermore, seismic surveys are not likely to have discernable adverse effects on the health, status, habitat, survival or recovery of marine mammal populations. MMS and NMFS have acknowledged that there have been no documented mortalities, physical injuries or physiological effects on marine mammals from seismic surveys. Data from the scientific literature, and not speculation, should be used when assessing potential impacts of G&G activities on the environment, and industry stands ready to continue to study the situation as more data becomes available.

5. MMS should ensure that the PEIS development is complementary to other environmental analyses being conducted by agencies in Alaska and the Gulf of Mexico.

6. NOIA encourages MMS to use the Environmental Assessment (EA) process to approve operations on a limited scale where appropriate. This is not intended to shortcut any of the requisite environmental considerations, but purely to ensure that the NEPA

process stay as streamlined as it was originally intended to be, with EA's tiering off of broader EIS work. This becomes particularly important for the data collected by this proposed seismic work to inform the Virginia Lease Sale 220 decision-making process.

Lastly, the recent rig tragedy in the Gulf of Mexico will certainly cause policy makers and MMS alike to closely examine the risks and benefits of offshore development. NOIA and our member companies welcome that examination. This is a timely opportunity to further evaluate the industry's safety and environmental protection practices and examine how they can be strengthened moving forward. Likewise, this incident will undoubtedly result in a groundswell of emotional comments on all aspects of offshore energy development. We trust that MMS will fairly consider all comments and weigh them appropriately as the government, industry and American public diligently investigate the facts in this incident. As previously stated, our nation's need for a diverse energy portfolio has not changed; failure to provide needed access to the OCS will increase domestic energy prices, slow U.S. economic growth and create hardships for consumers.

In closing, NOIA appreciates the opportunity to comment on the effort to scope the PEIS for the Atlantic OCS. Our industry stands ready to invest in exploration of the Atlantic OCS, and we are glad to see the administration is moving ahead with plans to develop these vital resources.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Kearns", written over a large, light-colored circular scribble or stamp.

Michael Kearns
Director, External Affairs