NOIA 40 years

America's Offshore Energy Industry

It's *amazing* what America's offshore energy industry can do.

NATIONAL OCEAN INDUSTRIES ASSOCIATION

IT'S AMAZING WHAT AMERICAN OFFSHORE ENERGY CAN DO

KEEPS THE ECONOMY GROWING

95% Of operational spending and capital investment stays in America.

$32 BILLION Total industry contributed to America's gross domestic product in 2011.

$79.5 BILLION Total industry contributed in revenues to federal government from 2001 – 2010.

PUTS AMERICANS TO WORK

242,317 Total Americans employed in jobs directly or indirectly related to the offshore energy industry in 2010.

416,000 Total estimated American jobs supported by 2015 if government opens access to more offshore energy resources.

SECURES A RELIABLE ENERGY FUTURE

480 TRILLION Estimated cubic feet of natural gas in federal offshore areas.

101 BILLION Estimated barrels of oil in federal offshore areas.

NOIA 40 years

America's Offshore Energy Industry

OFFSHORE 101

OUTER CONTINENTAL SHELF LANDS ACT (OCSLA)

"It is hereby declared to be the policy of the United States that – the outer Continental Shelf is a vital national resource reserve held by the Federal Government for the public, which should be made available for expeditious and orderly development, subject to environmental safeguards..." – 43 U.S.C. §1332(3)

TIMELINE FOR FEDERAL PERMITTING

PREPARE THE 5-YEAR PLAN: 18–24 MONTHS

OCSLA requires the Secretary of the Interior to establish 5-year leasing plans and schedule lease auctions for offshore areas. All areas, unless prohibited by law or moratorium, are available for consideration to be included in a plan.

PLAN FOR INDIVIDUAL LEASE SALES: 6–9 MONTHS

Area is identified, environmental impacts analyzed, public comments gathered and states consulted. Lease is awarded to highest qualified bidder and terms are based on the amount of time a company would be expected to develop the lease: 5 years for shallow water, 8 years for deepwater, and 10 years for ultra-deepwater.

EXPLORATION PLAN APPROVAL: 90–200 DAYS

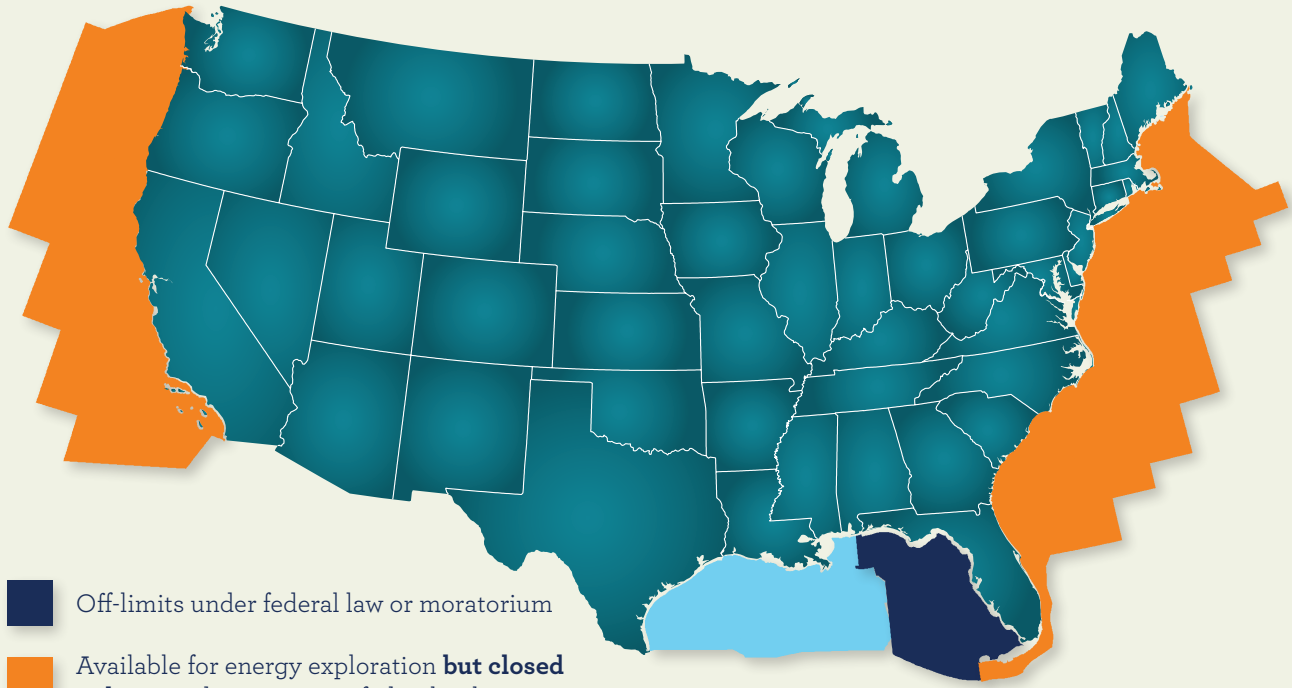
Once a plan is approved, it takes about 2 years for a company to go from leasing to exploratory drilling. Interim steps include conducting any G&G work needed, applying for and receiving all the necessary permits, and lining up the necessary equipment.

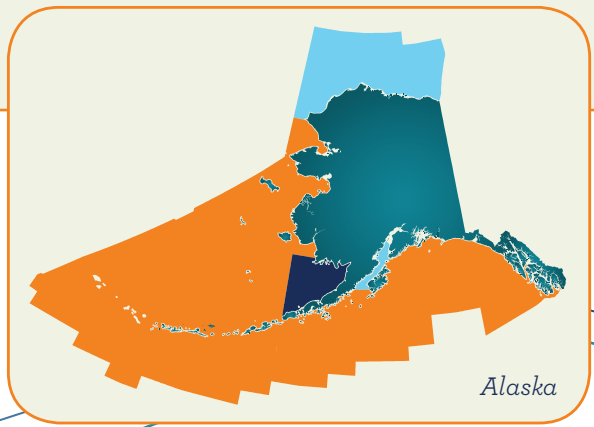
DEVELOPMENT PLAN APPROVAL: 90–120 DAYS

If companies discover oil and/or natural gas, development and production plans are submitted. Not until the development and production plans are approved and all appropriate permits received can production platforms begin moving into place. ***Throughout the plan approval process industry applies for at least 15 major permits and meets more than 90 federal regulations.***

IT'S AMAZING WHAT AMERICAN OFFSHORE ENERGY *COULD* DO

If more areas were open to exploration and development.





Less than 3% of the Outer Continental Shelf (OCS) is currently leased for energy exploration or production

NOIA: AMERICA'S OFFSHORE ENERGY INDUSTRY

Twenty-four hours a day and seven days a week, our country's ocean-based energy resources provide heat, manufacturing needs and transportation to citizens across America.

The National Ocean Industries Association (NOIA), with nearly 300 diverse companies operating on the nation's Outer Continental Shelf (OCS), is the *only* national trade association representing *all* segments of the offshore energy industry.

NOIA members are diverse in size, structure and specialties and are united in their commitment to safely produce the very energy that keeps the American economy growing, people working, the environment protected and our country secure.

NOIA ADVOCATES A SOUND AND BALANCED OFFSHORE ENERGY POLICY

NOIA MISSION:

*To secure **reliable access** and a **fair regulatory and economic environment** for the companies that develop the nation's valuable offshore resources in an **environmentally responsible** manner.*

NOIA MEMBERS GENERATE THE VERY ENERGY THAT KEEPS AMERICA GROWING, WORKING AND PROTECTED

TELECOMMUNICATIONS, **ENGINEERING AND CONSULTING,** INVESTMENT FIRMS, **TRANSPORTATION,** WAREHOUSING AND LOGISTICS, **OIL AND NATURAL GAS EXPLORATION AND PRODUCTION**, OFFSHORE RENEWABLE AND ALTERNATIVE ENERGY, **DIVING,** HELICOPTER SERVICES, **PROFESSIONAL SERVICES,** START-UP COMPANIES, **CONSTRUCTION,** SATELLITE COMMUNICATIONS, **OFFSHORE DRILLING,** CABLE INSTALLATION, **MANUFACTURING,** PIPE INSTALLATION, TECHNOLOGY, **GEOPHYSICAL,** ENVIRONMENTAL SERVICES, **COMMUNICATIONS,** VESSEL CONSTRUCTION, GEOLOGICAL, **TOOL MAKING**, REMOTELY OPERATED VEHICLES, **MOORING,** SHIP BUILDING, **SOFTWARE DEVELOPERS,** INSURANCE UNDERWRITERS,

FOUR DECADES OF MAKING A DIFFERENCE

In 1972, industry leaders formed the National Ocean Industries Association a unique trade association dedicated solely to promoting the expansion of the federal offshore leasing program through consistent, safe and efficient development of the Outer Continental Shelf. Those 33 members represented the full spectrum of the offshore energy industry, including producers, operators, equipment suppliers and vendors.

Over the years, many NOIA members have led, participated in and witnessed as the offshore industry reached greater depths, found larger discoveries and developed new technologies.

HIGHLIGHTS OF ACCOMPLISHMENTS

1970'S

1972: NOIA formed.

1975: First discovery in deepwater (1,000+ feet) in Gulf of Mexico (GOM)

1976: First Alaskan lease sale held.

1980'S

1980: First 5-year leasing program initiated.

1982: Federal Oil & Gas Royalty Management Act passes.

1987: First ultra-deepwater well drilled in the Mensa field at 5,000+ ft.

1990'S

1990: 3-D seismic imaging developed, increasing number of discoveries.

1995: The Deep Water Royalty Relief Act enacted.

1996: World's first spar production platform installed in GOM (1,851 ft. of water).

2000'S

2001: First Alaska OCS production comes online.

2003: First well in water deeper than 10,000 ft. in GOM

2008: Executive & Congressional exploration moratoria lifted for the Outer Continental Shelf.

NOIA TODAY

2010: Two deepwater response and containment systems developed.

2010: World's deepest offshore drilling and production spar platform goes online in GOM (8,038 ft.).

2011: U.S. government approves first plan to build an offshore wind farm.

2012: First FPSO used for oil & natural gas production in Gulf of Mexico.

IT'S AMAZING WHAT AMERICAN OFFSHORE ENERGY CAN DO

Stimulate American Economy

Create American Jobs

Generate Federal Revenue Dollars

Ensure a Culture of Safety

WISE DECISIONS TODAY PROVIDE ENERGY RELIABILITY TOMORROW

Energy demand is on the rise. Over the next 25 years, we can expect an estimated 20% increase in consumption in the United States. Renewable energy and conservation alone can't make up the difference. Decisions made today will determine whether or not our children will have access to reliable, affordable energy tomorrow.

OPENING ACCESS TO NEW OFFSHORE AREAS

The U.S. produces an estimated *600 million barrels of oil* and *4.5 trillion cubic feet* of natural gas annually *from less than 3%* of the Outer Continental Shelf. Opening additional access to the OCS means relying less on foreign countries and more on the United States for energy security. It also means putting more Americans to work – an estimated 416,000 industry supported jobs by 2015 if permitting returns to historic rates.

REGULATORY CERTAINTY

Regulatory uncertainty stifles hiring and slows investments. Sensible and consistent offshore energy regulations would enable NOIA members to make key decisions today that will accelerate U.S. economic growth tomorrow.

ADVANCING TECHNOLOGY, SAFETY AND ENVIRONMENTAL PERFORMANCE

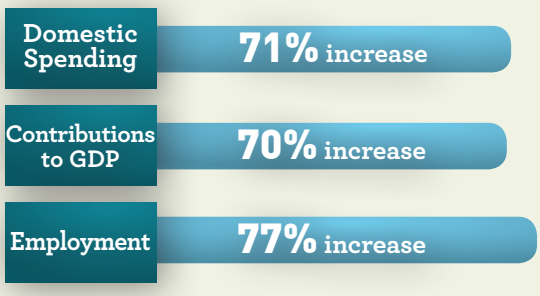
The oil and natural gas industry as a whole has *invested $194 billion since 1990* toward improving the environmental performance of its products, facilities and operations. NOIA members help drive this investing by developing new technologies to protect habitats, safeguard workers and optimize operations while producing the very energy that keeps America strong.

STIMULATE THE AMERICAN ECONOMY

From cosmetic and boot manufacturers to heart valve developers, oil rig workers and pipeline repairmen, America's offshore energy industry generates economic development in the most obvious and sometimes surprising places throughout the United States.

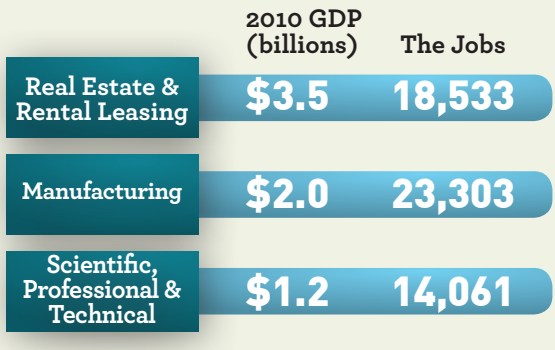
NOIA members are prime contributors to elevating the standard of living and the country's economic health. Just look at the numbers. America's offshore energy industry will invest more than $57 billion in operational spending and capital investment by 2013 if permitting returns to historic rates. Furthermore, *expect 95% of these expenditures to stay right here in the U.S.*

ECONOMIC PROJECTIONS FOR GULF OF MEXICO OFFSHORE ACTIVITY 2010 - 2013



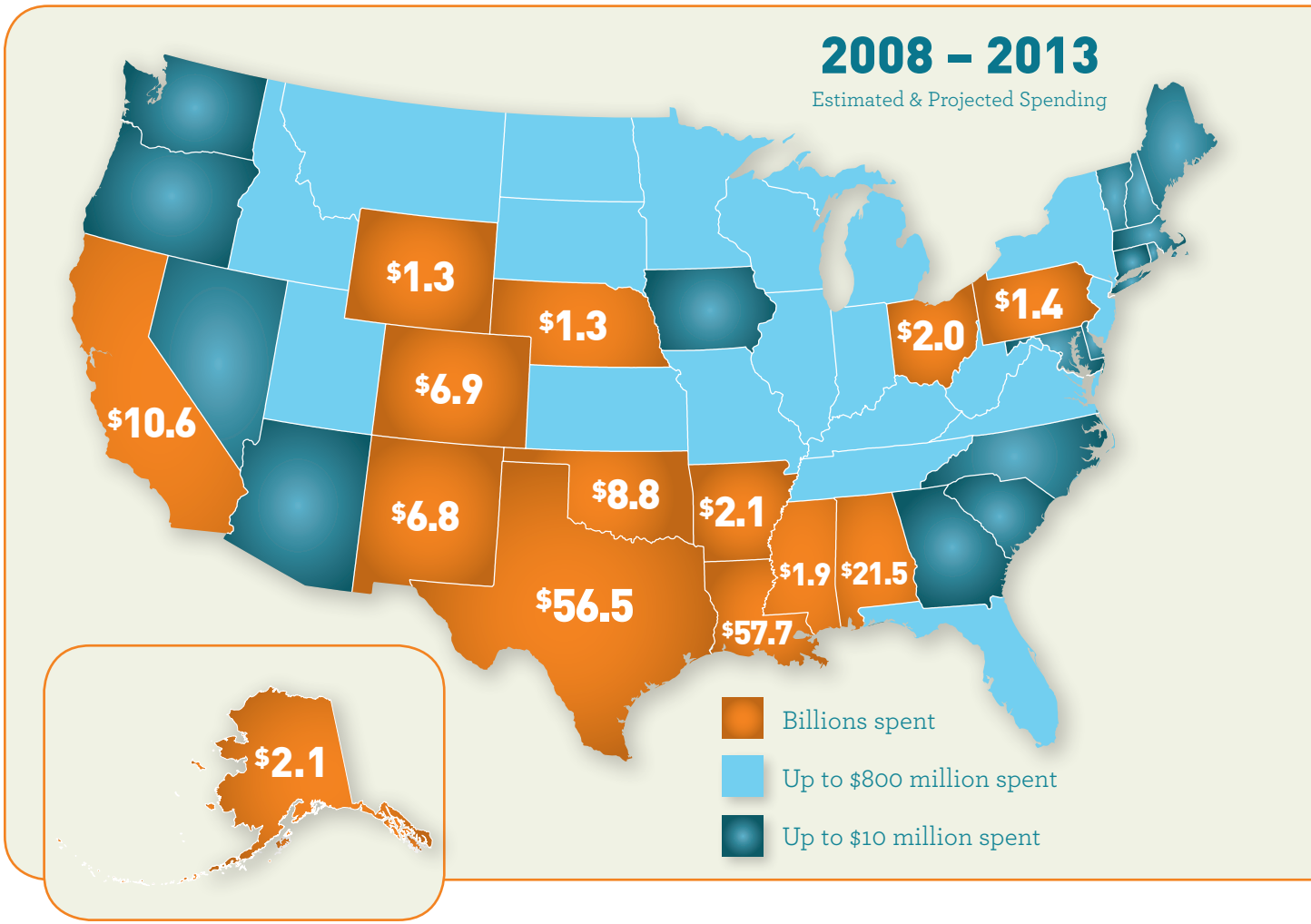
Quest Offshore Resources, Inc. 2010. Based on returning to historic permitting rates

ECONOMIC IMPACTS ON OTHER INDUSTRIES



Quest Offshore Resources, Inc. 2010

AMERICAN OFFSHORE ENERGY SPENDING IS *NOT* LIMITED TO THE GULF OF MEXICO



Historically American Offshore Energy is the ***2nd largest contributor*** *to the U.S. Treasury.*

IT'S AMAZING WHAT AMERICAN OFFSHORE ENERGY CAN DO

CREATE AMERICAN JOBS

America's offshore energy industry supports *more than 242,000 jobs across the country.* Imagine if permitting returned to historic rates, access to the Outer Continental Shelf expanded and there was regulatory certainty. Americans could expect *more than 400,000 desirable industry supported jobs by 2015.*

In 2008 and 2009, oil and natural gas industry salaries in the exploration and production sectors were *more than double the national average for all U.S. jobs.* That's amazing.

GO FISH. GO DIVE.

There are many examples of jobs indirectly created due to the offshore energy industry. Take recreational fishing and diving.

Production platforms in the Gulf of Mexico provide the world's only vertical reef systems – habitat where multitudes of fish grow and thrive. The economic output in fishing and diving is estimated at $324 million with employment estimated at 5,560 full time equivalents.

*More than **2,400 companies** from at least 47 states **provide equipment** and/or services to America's offshore energy industry.*

AMERICA'S OFFSHORE ENERGY INDUSTRY CREATES JOBS FOR ALL SKILLS, SALARIES AND STATES

GULF STATES - DIRECT & INDIRECT JOBS

	2010	2013
TEXAS	79,274	140,213
LOUISIANA	70,473	129,108
ALABAMA	25,821	48,793
MISSISSIPPI	2,060	3,359

ACROSS THE COUNTRY - DIRECT & INDIRECT JOBS

	2010	2013		2010	2013
CALIFORNIA	13,888	22,216	ILLINOIS	1,354	2,842
OKLAHOMA	12,459	20,000	KANSAS	1,588	2,559
COLORADO	9,109	14,582	WYOMING	1,260	2,010
NEW MEXICO	7,978	12,842	UTAH	984	1,570
OHIO	3,415	6,150	WEST VIRGINIA	975	1,555
ARKANSAS	2,688	4,355	KENTUCKY	873	1,522
PENNSYLVANIA	1,856	3,911	FLORIDA	609	1,340
ALASKA	1,959	3,116	WISCONSIN	626	1,272

OTHER STATES	3,068	5,892

Estimated Historical and Projected Total Employment by State Associated with GoM Oil and Natural Gas Operations

IT'S AMAZING WHAT AMERICAN OFFSHORE ENERGY CAN DO

GENERATE FEDERAL AND STATE REVENUE

$79.5 BILLION

10 YEAR IMPACT: 2001-2011

Offshore production generated more than $61 billion in federal revenue through lease sales and royalties, with an additional $18 billion paid in bonus bids.

$27.6 MILLION

FIRST 3 YEARS OF GOMESA: 2009–2011

Gulf of Mexico states participating in revenue sharing as authorized by the Gulf of Mexico Energy Security Act (GOMESA) received more than $27 million in the first three years of the program. That money goes directly back to the states.

$9.5 BILLION

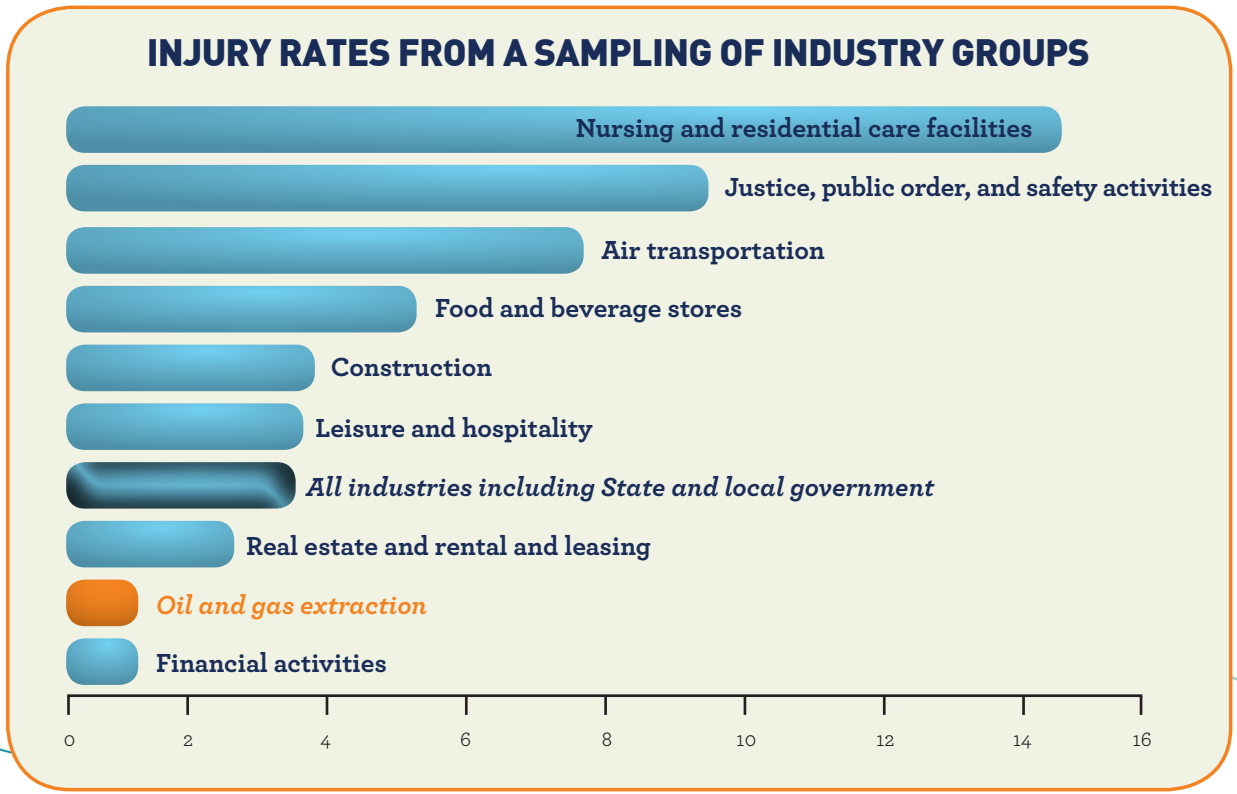
1 YEAR IMPACT: 2008

The best year on record for lease sale bonus bids. When access is granted to new offshore areas the federal treasury can take in billions from lease sales alone. Add production activity, the number rises to $18 billion dollars.

IT'S AMAZING WHAT AMERICAN OFFSHORE ENERGY CAN DO

ENSURE A CULTURE OF SAFETY

NOIA members are committed to ensuring offshore energy development is conducted safely and that oil and gas extraction remains one of the safest sectors for workers.



The incidence rates represent the number of injuries per 100 full-time workers

NOIA SAFETY IN SEAS AWARD

RECOGNIZING WORKER SAFETY & ENVIRONMENTAL STEWARDSHIP

Since 1978, NOIA has recognized excellence among those who, by their actions, design or influence, have contributed to improving the safety of workers and the natural habitat offshore. These are just some of the recent Safety in Seas Award winners.

2012 **ATP Oil & Gas Corporation**
ATP Titan

2011 **Bristow**
Target Zero

2010 **Shell**
Perdido Project

2009 **Global Industries, Ltd.**
Integrated Approach to World Class Performance

2008 **Chevron Corporation**
Gulf of Mexico Hurricane Restoration Project

2007 **Shell Exploration & Production Company**
Mars Platform Recovery

2006 **MI-SWACO**
CleanCut™ Technology

2005 **Noble Corporation**
Noble Way Management System

2004 **Tidewater Inc.**
Safety Management System

2003 **ChevronTexaco & Oceaneering International**
Genesis Riser Guide Modification Project

IT'S AMAZING HOW AMERICA'S OFFSHORE ENERGY INDUSTRY RESPONDS

While America's offshore energy industry holds one of the best safety incident rates, the tragic Macondo well accident is a stark reminder that producing energy is not without risk.

NOIA and its member companies responded quickly. Joint Industry Task Forces formed immediately and the industry focused its efforts on oil spill response, subsea well control, containment, clean-up and improved response capabilities. Lessons learned from the event were implemented to strengthen industry safety practices.

Today the industry continues to learn from this event and maintains a strict culture of safety. The following pages highlight how the industry is united in its commitment to offshore safety and environmental protection.

SWIFT INDUSTRY ACTION

JOINT INDUSTRY TASK FORCES

The U.S. oil and natural gas industry united its efforts and launched a comprehensive review of offshore energy safety by assembling four Joint Industry Task Forces, which focused on: operating procedures; equipment; subsea well control and containment; and oil spill preparedness and response. Because of the swift industry response, reviews took place immediately and recommendations to improve worker safety and the environment were implemented quickly.

CENTER FOR OFFSHORE SAFETY

The Center for Offshore Safety (COS) is an industry-sponsored organization focused exclusively on safety. Membership is open to all companies that operate, drill and/or complete wells or provide support services in deepwater (1,000 feet or greater).

CENTER FOR OFFSHORE SAFETY

COS Roadmap:

1. One-stop central source of offshore safety and related information.
2. Promote an industry culture of incident free operations with a position of no harm to people or the environment.
3. Elevate industry's quality and safety standards by creating and sharing best practices.

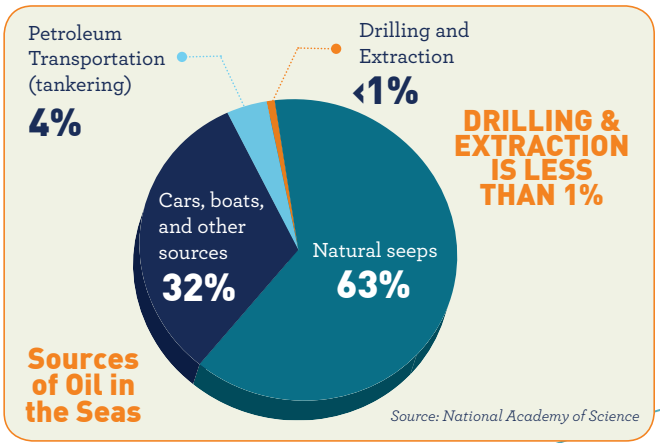
COS MISSION:

Promote the highest level of safety for offshore drilling, completions, and operations through effective leadership, communication, teamwork, utilization of disciplined management systems and independent third party auditing and certification.

RESPONSE AND CONTAINMENT SYSTEMS

The offshore energy industry responded quickly by taking the lessons learned from Macondo and applying them to the development of enhanced surface response capability and the new development of subsurface containment.

The fleet of available surface offshore recovery vessels has increased substantially in the Gulf of Mexico. These vessels are effective spill response tools since they provide systems – including dedicated storage, ocean boom, high efficiency skimmers, and command and control that includes low visibility response tools. Expansions in dispersant capability and in situ burn resources mean that responders have all the tools, should they be needed.



To complement the surface response, industry has invested in two deepwater containment systems designed to handle up to *100,000 barrels* of liquids and up to *200 million cubic feet of gas* a day in depths down to *10,000 feet*. These equipment resources stand ready to respond today.

IT'S AMAZING WHAT AMERICA'S OFFSHORE ENERGY INDUSTRY CAN PROTECT

SMALLER FOOTPRINT

Advancements in technology allow NOIA members to operate more efficiently, which means smaller footprints and greater compatibility with the environment.

RIGS TO REEFS

Over 150 decommissioned oil rigs in the Gulf have been converted to artificial reefs. Thirty percent of the 15 million fish caught by recreational fishermen annually off the coasts of Texas and Louisiana are caught near platforms.

FISH AND MARINE MAMMAL PROTECTION

Exploration and production activity must comply with environmental statutes, regulations and executive orders that include National Environmental Policy Act (NEPA), Endangered Species Act (ESA), Marine Mammal Protection Act (MMPA) and Clean Water Act (CWA) to name a few.

Perdido is the world's deepest offshore oil drilling and production platform. Moored in 2,450 metres (8,000 feet) of water in the Gulf of Mexico, it opens up a new frontier in deep-water oil and gas production. *Photo courtesy of Shell.*

IT'S AMAZING WHERE AMERICA'S OFFSHORE ENERGY INDUSTRY CAN GO

IMPROVED EXPLORATION

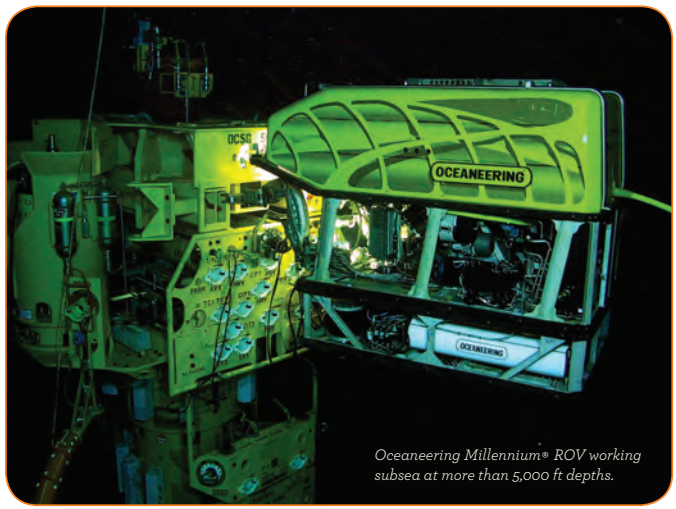
Improved geological and geophysical data with advances in seismic modeling means accuracy in locating hydrocarbon resources. According to the Energy Information Administration, the rate of success for exploratory wells *has climbed 50% since 1970*.

DEEPWATER FRONTIER

From 2006 to 2009, annual world deepwater discoveries accounted for 42% to 54% of all discoveries – onshore and offshore. In 2008, deepwater discoveries added 13.7 billion barrels of oil equivalent to global reserves.

WIND GENERATION

The Department of Interior has set goals to have 10 gigawatts of offshore wind capacity by 2020 and 54 gigawatts by 2030. OCS wind generation could spur manufacturing, job creation, assembly and transport activity in coastal regions.



Oceaneering Millennium® ROV working subsea at more than 5,000 ft depths.

NOIA: AMERICA'S OFFSHORE ENERGY INDUSTRY

Whether you are fueling your car, feeding your family or working as a pipeline engineer, ***NOIA is part of the energy that touches you.*** We are the only national trade association representing all segments of America's offshore energy industry that explore and produce traditional and renewable energy located on the OCS.

Our members look to us to communicate to the public and advocate to lawmakers on their behalf to secure reliable access and a fair regulatory and economic environment.

- Access to New OCS areas
- Enhanced Regulatory Certainty
- Streamline Permitting
- Advance Technology and Renewables
- Safeguard Environment and Workers

CITATIONS:

Page 1

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Page 11

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Page 13

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Page 14

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Page 15

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