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December 21, 2017

The Honorable William M. "Bill" Hixon  
Chairman, Offshore Drilling Ad-hoc Committee  
House Agriculture, Natural Resources & Environmental Affairs Cmte.  
411 Blatt Building  
1105 Pendleton Street  
Columbia, SC 29201

Dear Chairman Hixon:

As the Committee continues its deliberations with respect to oil and natural gas activities potentially returning to federal waters offshore South Carolina, the National Ocean Industries Association (NOIA) would like to clarify the deliberative and lengthy federal review processes necessary for any such activities to occur. We will also address concerns regarding the compatibility of offshore oil and natural gas activities with other ocean users.

NOIA is the only national trade association representing all segments of the offshore industry with an interest in the exploration and production of both traditional and renewable energy resources on the U.S. outer continental shelf (OCS). The NOIA membership comprises roughly 300 companies engaged in a variety of business activities, including production, drilling, seismic surveying, engineering, marine and air transport, offshore construction, equipment manufacturing and supply, telecommunications, finance and insurance, and renewable energy. Based in Washington, D.C. since our founding in 1972, NOIA holds an extensive record of interaction with Members of Congress, federal regulatory agencies and various state and local government officials around the issue of offshore energy development. As such, we possess a deep understanding of the rules and procedures governing the contemplation of such development for offshore South Carolina in the coming decades.

Offshore leasing, seismic surveying, and drilling are not new to the U.S. Atlantic OCS. More than 240,000 line miles of 2-D seismic data were acquired off the shores of the U.S. Atlantic between the late 1960s and

late 1980s<sup>1</sup> (Figure 1). Ten federal oil and gas lease sales covering Atlantic waters were held between 1976 and 1983, and 46 industry wells were drilled between 1977 and 1984<sup>2</sup> (Figure 1). In preparation for these activities, extensive environmental impact studies were carried out by federal agencies and formal consultation was conducted with the public and coastal states to evaluate the potential impacts of seismic surveying and offshore drilling on tourism, commercial and recreational fishing, and marine shipping and commerce. As a result, these seismic surveying, leasing, and drilling activities were conducted with no negative impact to the marine environment or coastal communities. Any future activities offshore South Carolina would be subject to similarly stringent review and consultation.

As seen in the attached Bureau of Ocean Energy Management (BOEM) flowchart (Figure 2), offshore oil and natural gas activities are guided by what is essentially a four-step process: development of a National Program, individual lease sale planning, exploration plan approval, and development & production plan approval. These steps are transparent, subject to robust public comment and environmental review, and involve formal consultation with coastal states. Based upon historical averages, it takes roughly 15 years from the contemplation of a new National Program to actual production of hydrocarbons (Figure 3).

BOEM is currently undertaking a similarly deliberative process in its multi-year review of permit applications to conduct seismic surveys in Atlantic waters. Concurrent to its review of seismic permit application, BOEM is undertaking a process to establish a new National OCS Oil & Gas Leasing Program for 2019-2024. As required by the Outer Continental Shelf Lands Act (OCSLA), the development of this National Program includes three separate opportunities for public comment and stringent environmental review under the National Environmental Policy Act (NEPA). This is expected to take roughly two years, with a new National Program in place in 2019.

A National Program simply establishes the preliminary timing and location of offshore lease sales; it does not confer any rights to leaseholders, and therefore certainly does not authorize drilling activities. Any and all lease sales established under the 2019-2024 Program will be subject to their own review process including public comment and NEPA environmental review. Planning and preparation for individual lease sales typically is a multi-year process (Figures 2 and 3).

The act of successfully bidding for and acquiring an offshore lease does not authorize a leaseholder to conduct drilling activities. All drilling activities are subject to separate regulatory and permitting requirements – typically over multiple years - including formal consultation with coastal states under the Coastal Zone Management Act (CZMA). If a leaseholder discovers hydrocarbons in commercial quantities and wishes to conduct development and production activities, they must first navigate corresponding regulatory and permitting requirements – again, typically over multiple years - including another round of formal CZMA consultation with coastal states (Figures 2 and 3).

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<sup>1</sup> Dr. James Knapp, University of South Carolina, Congressional Testimony July 12, 2017  
[https://naturalresources.house.gov/uploadedfiles/testimony\\_knapp.pdf](https://naturalresources.house.gov/uploadedfiles/testimony_knapp.pdf)

<sup>2</sup> BOEM Atlantic Oil & Gas Information <https://www.boem.gov/Atlantic-Oil-and-Gas-Information/>

Regulatory decisions on these various stages of offshore activities are separate and distinct from each other. Seismic surveys are not tantamount to leasing, which is not tantamount to drilling, which is not tantamount to production. Each phase is evaluated on its own merits. This assessment process ensures that any final decisions are shaped by local participation and influence, environmental stewardship, and cohabitation with existing ocean uses. It is a process measured in years, if not decades. It is deliberate, thoughtful, inclusive, and transparent. And it is best served by a rational, respectful conversation of the facts from all sides of the issue.

Among those facts is that future South Carolinians, citizens of the U.S. and people around the world are expected to need more energy in upcoming generations, and those needs will continue to largely be met by oil and natural gas. According to the International Energy Agency, global energy demand will increase 30% by 2040 – the equivalent of adding another China *and* India to today's global demand – and oil and natural gas will continue to meet 77% of this total demand<sup>3</sup>.

Additionally, history demonstrates that offshore oil and natural gas can coexist alongside thriving tourism and fishing economies, as well as military training activities. The 2017-2022 Proposed National Program crafted by the Obama Administration does an excellent job of documenting the compatibility between oil and natural gas development and other ocean users in the Gulf of Mexico, including coastal tourism and recreation, commercial fishing and seafood harvesting, and commercial shipping<sup>4</sup>:

*“Millions of individuals participate in a variety of recreational activities in the region’s coastal environment each year, including recreational fishing, boating, beach visitation, wildlife viewing, and swimming...On an annual basis, coastal tourism and recreation industries contribute more than \$1 billion in GDP to the states adjacent to the Western and Central GOM Planning Areas and more than \$10 billion in GDP to the states adjacent to the Eastern GOM Planning Area” (PP 6-21)*

*“The commercial fishing and seafood industries also contribute billions to state GDP on an annual basis ... The commercial fishery sector is largest in Louisiana, followed by Texas... Commercial shipping is also important economically. As measured by the amount of cargo flowing through the ports on an annual basis, more than half of the 20 largest U.S. ports are along the Gulf...” (PP 6-21)*

With regard to compatibility of potential Atlantic oil & gas activities with military operations, the recent findings of the 2015 Department of Defense (DOD) Mission Compatibility Planning Assessment<sup>5</sup> have often been mischaracterized. The report characterized only five percent of the entire proposed Atlantic Lease Sale 260 program area (Figure 4) as “No Oil and Gas Activity” (Figure 5). An additional five percent was designated as “No Permanent Oil and Gas Structures”, which in and of itself does not eliminate the possibility of using temporary drilling rigs or subsurface production equipment to mitigate these

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<sup>3</sup> IEA World Energy Outlook <http://www.iea.org/weo2017/> and [https://www.eia.gov/outlooks/ieo/exec\\_summ.php](https://www.eia.gov/outlooks/ieo/exec_summ.php)

<sup>4</sup> 2017-2022 Proposed OCS National Program <https://www.boem.gov/2017-2022-Proposed-Program-Decision/>

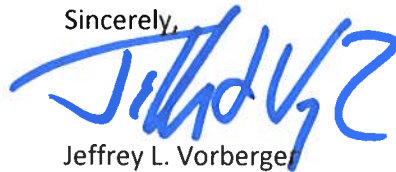
<sup>5</sup> 2015 DOD Mission Compatibility Planning Assessment <https://www.boem.gov/2017-2022-DoD-OCS-Report/> (See Atlantic map on page 30)

concerns. The remaining 90 percent is designated as potentially requiring “*Site Specific Stipulations*” – the same stipulations that have been included in nearly all Gulf of Mexico leases issued since 1979 and have not been reason to prohibit any oil and gas related activities. The Gulf of Mexico experience clearly demonstrates the long-standing compatibility between oil & gas and military activities.

As the committee and all South Carolinians continue your dialogue on this topic, NOIA stands ready and able to facilitate discussions with stakeholder counterparts from Gulf states to help answer questions and concerns as to how our industry’s potential coexistence with current Atlantic ocean users may prosper; as well as respond to any other requests.

Thank you for this opportunity to comment. Should you have any questions, please feel free to contact Jeff Vorberger at [jvorberger@noia.org](mailto:jvorberger@noia.org) or 202-347-6900.

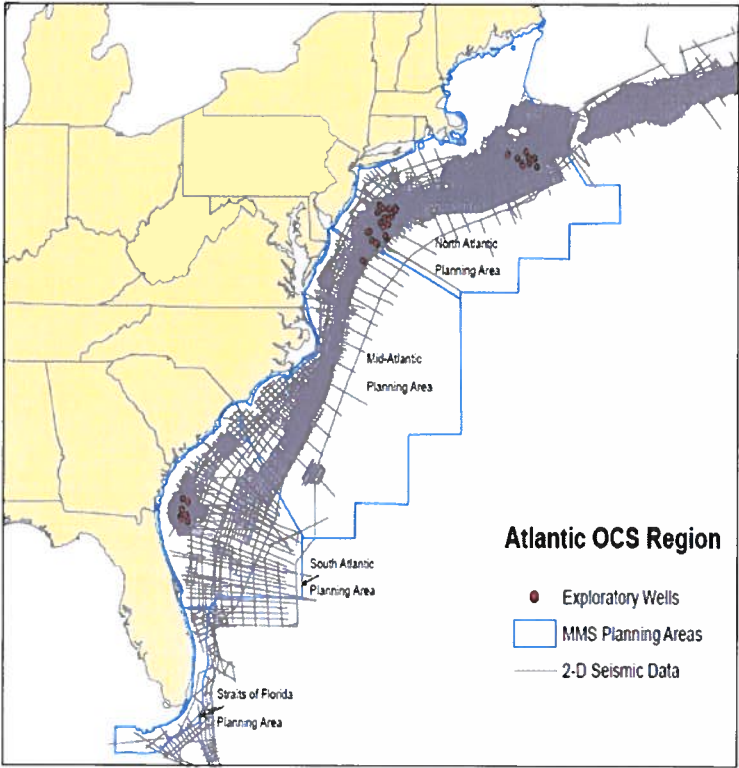
Sincerely,



Jeffrey L. Vorberger

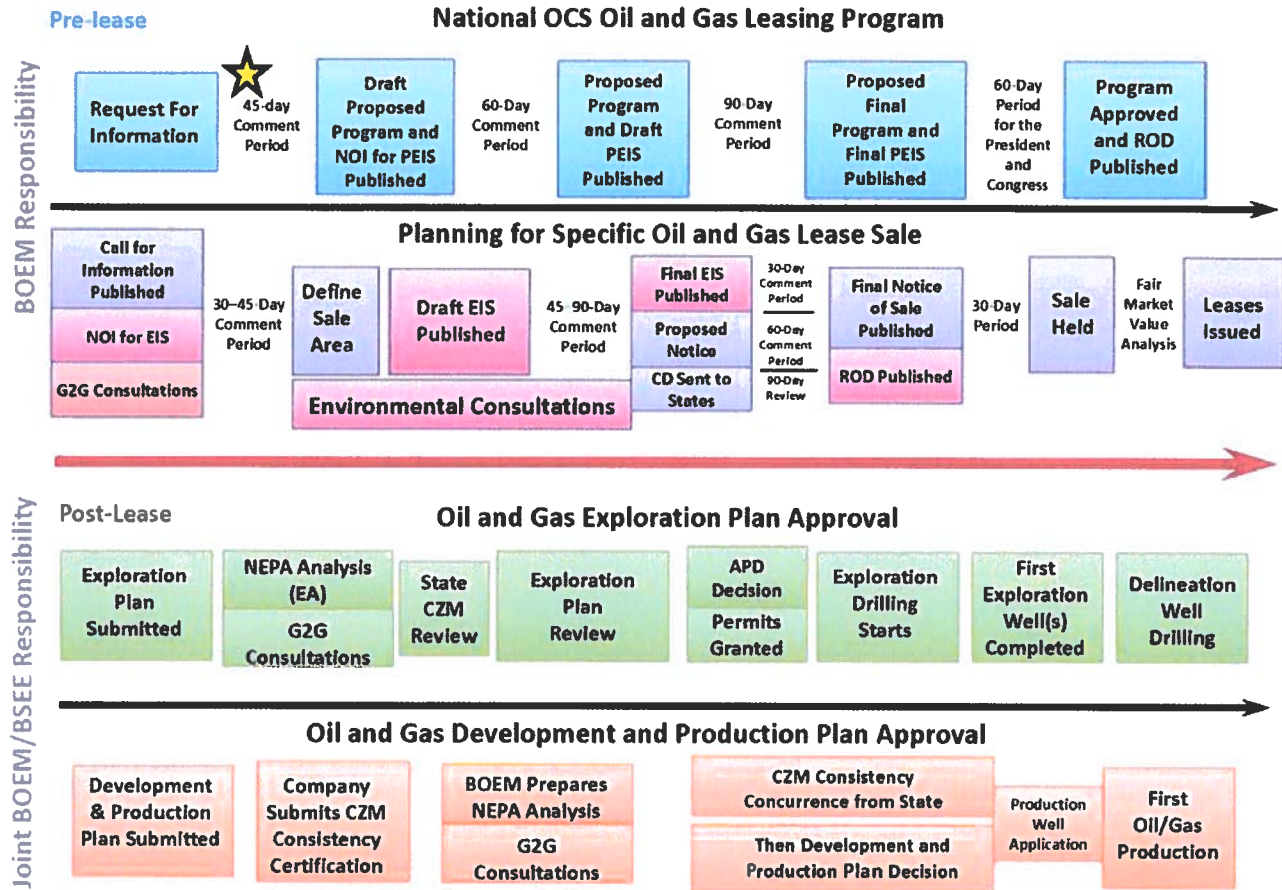
Vice President, Policy & Government Affairs

**Figure 1. Past Atlantic Oil & Gas Seismic Surveys (1966-1988) and Exploratory Wells Drilled (1977-1984)**



From BOEM database. USC Tectonics & Geophysics Lab.

Figure 2. <https://www.boem.gov/BOEM-OCS-Oil-Gas-Leasing-Process/>



Key: APD = Application for Permit to Drill; BOEM = Bureau of Ocean Energy Management; BSEE = Bureau of Safety and Environmental Enforcement; CD = Consistency Determination; CZM = Coastal Zone Management; EA = environmental assessment; EIS = environmental impact statement; G2G = government to government; NEPA = National Environmental Policy Act; NOI = Notice of Intent; OCS = Outer Continental Shelf; PEIS = programmatic environmental impact statement; ROD = Record of Decision.

Figure 3.

# OCS Oil and Gas Leasing, Exploration, and Development Process

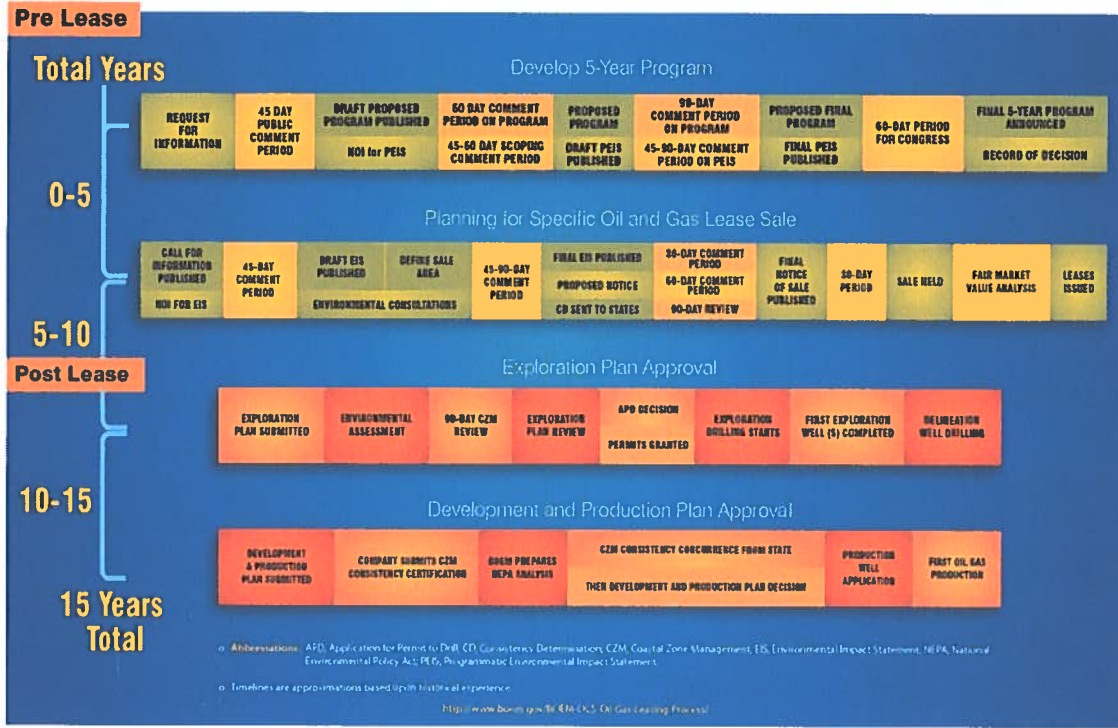
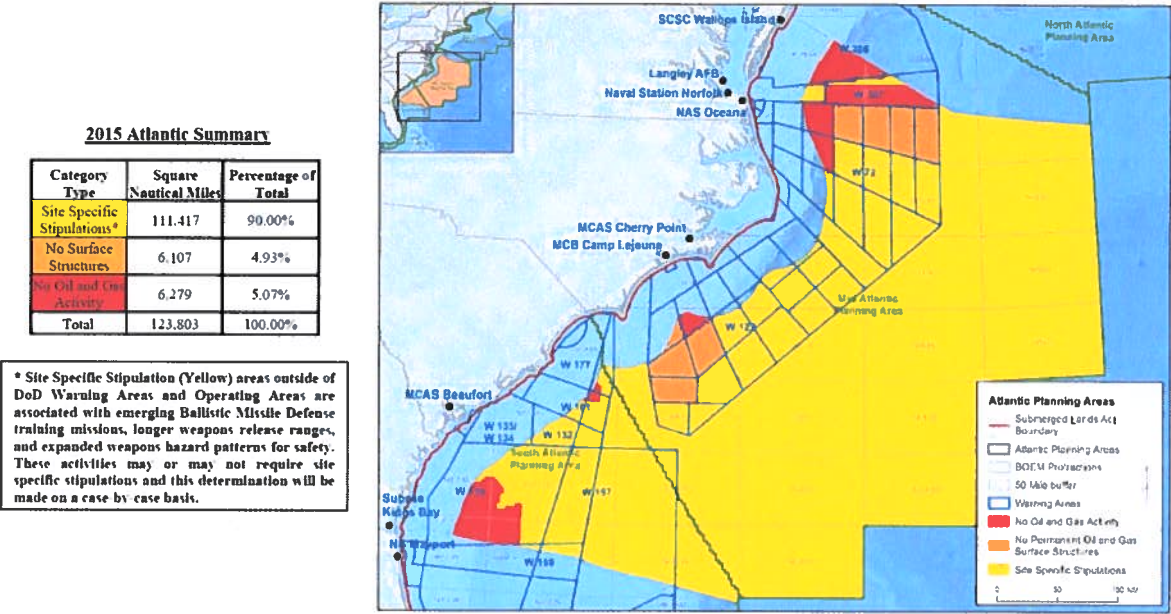


Figure 4.





Figure 5. 2015 Department of Defense (DOD) Mission Compatibility Planning Assessment



2015 Mid Atlantic and South Atlantic Planning & Program Areas