

## The facts about expanded offshore development and the stalled Outer Continental Shelf Five-Year Plan

*U.S. Interior Secretary Ken Salazar on February 10, 2009 extended by 180 days the comment period on the latest Five-Year Plan on offshore oil and natural gas development. The decision delays the development of America's vast offshore resources and could deprive Americans of new jobs, greater energy security and the revenues that would come into federal, state and local coffers from offshore development.*

1. **CLAIM:** America's oil and natural gas industry favors a drill-only energy strategy.

**FACT:** That is not true. America's oil and natural gas industry favors a balanced energy policy incorporating all forms of energy, including oil and natural gas. Even with accelerated development of alternatives, the world is going to need more oil and natural gas to help meet expected increases in demand. Most alternatives are used only in electricity generation, not the transportation sector. Oil and natural gas are our bridge to any energy future, given that they account for more than 60 percent of our current energy consumption and parallel amounts of infrastructure or capital investments. The U.S. oil and natural gas industry has invested more than all private industry and the federal government combined in new energy technologies to meet our future energy needs from 2000 and 2007.

2. **CLAIM:** Americans do not want offshore development of oil and natural gas resources. And they were not given an opportunity to comment on whether to develop our offshore resources.

**FACT:** The U.S. government initiated a new Five-Year Plan two years earlier than usual in response to changed market conditions and Americans' demands that it do something to respond to high prices and the country's energy challenges. By stalling the interim Five-Year Plan, Secretary Salazar ignores that more than 152,000 Americans have already commented on it. Some 87,000 of those who commented urged expeditious and expanded development of our offshore oil and natural gas resources in areas where there had been an almost 30-year ban. In November Election Day exit polls, two-thirds of Americans polled said they supported greater development of our offshore resources.

3. **CLAIM:** The federal government has not done anything to develop offshore renewable energy resources.

**FACT:** Legislation passed in 2005 gave the Minerals Management Service authority to develop regulations for alternative energy. MMS has been developing

rules for alternative energy resources for several years, through a process involving intensive public comment. That final rulemaking is necessary and is expected to be released soon. This alternative energy plan should not delay oil and natural gas development.

4. **CLAIM:** Offshore development is not that important, and it is not going to get us where we need to go.

**FACT:** The OCS currently provides 23 percent of America's natural gas resources and 30 percent of our oil resources. Most of these resources are from either Alaska or the Gulf of Mexico. Opening areas that had been off-limits to development could lift domestic crude oil production by nearly a million barrels per day in 2030. If we added now off-limits onshore areas to those offshore areas, we could boost output by as much as 2 million barrels per day in 2030, offsetting nearly a fifth of the nation's imports. Secretary Salazar's decision to extend the comment period on the Five-Year Plan simply means that the development of our offshore resources could be stalled. That would delay Americans' access to new jobs and to greater energy security, and would keep much-needed revenues from federal, state and local governments. A recent ICF International study, commissioned by API, found that developing off-limits onshore and offshore federal oil and natural gas could create 160,000 new jobs and generate \$1.7 trillion in government revenue.

5. **CLAIM:** The MMS Five-Year Plan process is not sufficient and we need to study the impact of the OCS oil and natural gas development more.

**FACT:** The Five-Year Planning Process is a very detailed regulatory process put in place decades ago. There is a specific timeframe by which the MMS has to conduct the three public comment periods, conduct the environmental analysis, and then issue their final schedule of lease sales. This process usually takes two years before a lease sale is scheduled. No leasing and development can take place without a final Five-Year Plan. By delaying the Five-Year Plan process, the Secretary has essentially put an uncertain timeframe as to when we will see an actual scheduled lease sale, thus putting development and production of our resources on hold.

6. **CLAIM:** We do not have enough information on OCS resources, and need to study it more.

**FACT:** Secretary Salazar says that the study he has asked the MMS and U.S. Geological Survey to conduct will create a plan and determine what areas need more information. The geologic and geophysical data is over 20 years old in areas such as the Atlantic. If the government were to undertake seismic survey work, it would cost taxpayers millions, and it is uncertain what geological experts would be available to interpret the data. Once a lease sale is held, companies would undertake the seismic work at their own costs.

7. **CLAIM:** Alternative energy must be developed instead of oil and natural gas, and the two cannot co-exist on the OCS.

**FACT:** Development of alternatives as well as oil and natural gas can co-exist and the alternative industry can learn lessons about operating in the marine environment from the oil and natural gas industry. In fact, the revenues generated by offshore leasing and production could help fund the acceleration of alternative energy development in this country. The oil and natural gas industry has been working in the U.S. offshore since the 1950s and through this extensive operating experience, the industry has developed processes and procedures on how to work in the challenging conditions of a sometimes challenging marine environment. The industry has developed numerous operating standards to safeguard the environment and employees which it can share with others working offshore, including alternative energy suppliers.

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