IADC comments on OCS Leasing Plan; Law of the Sea update

Brian T Petty, Senior Vice President-Government Affairs

Washington, DC—IADC joined NOIA to comment on the US Minerals Management Service’s (MMS) long overdue “scoping notice” for the 2007-2012 offshore leasing cycle. Recognizing the existence of Congressional and Presidential moratoria in the vast majority of OCS, the associations’ comment emphasized the particular importance of continuing development in the Central and Western Gulf of Mexico planning areas, and what remains available in the Eastern planning area known as the “original 181” tract. Nonetheless, the comment calls for MMS to remain flexible to examine leasing in all areas currently under moratoria, especially the Atlantic and the Aleutian Basin in Alaska, should circumstances change to permit leasing there within the 5-year horizon. Above all, the comment insists that only additional OCS access can mitigate US energy supply shortfalls.

In addition to the central emphasis on access, the comment proposes streamlining administrative procedures to expedite OCS development, especially in preparing a draft environmental impact statement, which can add as much as a year to the planning process. Also, the associations recommend that the environmental impact statement fully consider both the socioeconomic impacts of producing offshore energy, as well as the impacts of not producing that energy. The environmental impact statement should consider and analyze the impact on the entire nation, not just adjacent coastal areas, since OCS resources are managed by the federal government for the benefit of the entire country. MMS posed a question on the desirability and practicality of granting “gas only” leases, presumably to make OCS development more palatable to states opposed to it. Industry’s response is that it’s not always clear prior to drilling whether a field will yield natural gas, oil, or both and that it’s inconsistent with the principle of conservation to leave recoverable oil deposits behind. Given the nation’s need for both oil and natural gas, and industry’s superb environmental record in producing both offshore, the proposal is without merit, beyond being impractical.

In a demonstration of broad and deep support for US ratification of the UN Convention on the Law of the Sea, over 70 national leaders from government, business, media and the military sent a letter to US Senate Majority Leader Bill Frist calling for its ratification, which has been stymied by certain conservative forces outside the Congress who’ve mounted a campaign against it, characterizing it as a surrender of national sovereignty. IADC has long supported ratification as a necessary avenue to settle offshore boundary disputes, which could result in more exploration and development. It would also harmonize navigation “rules of the road.” API, IPAA and NOIA, along with IADC, are signatories to the letter. The letter was spearheaded by Admiral James Watkins and Leon Panetta, respective chairmen of the US Commission on Ocean Policy and the Pew Oceans Commission, both of which unanimously recommended ratification as a vital part of a comprehensive and coordinated US ocean policy. They will be seeking a meeting with Senator Dick Lugar, chairman of the Senate Foreign Relations Committee, to press for expedient committee approval in hopes it can go to the Senate floor before the end of the current Congressional session. The Bush Administration has strongly supported ratification, and that position was recently reiterated by Secretary of State Condoleezza Rice.

IADC Executive Committee members Diamond Offshore’s Larry Dickerson and Rowan’s Paul Kelly served on the US Commission on Ocean Policy on behalf of the offshore E&P industry.