Chip Kline

From: Natalie Joubert <NJoubert@hbwresources.com>
Sent: Monday, March 04, 2013 9:46 AM
To: Chip Kline; Chris Champion (MS); Cindy Sims (AK); David Holt CEA; Doug Domenech (VA); Elizabeth Bluemink (AK); Emily Domenech (TX); Garret Graves; I'man Robinson (VA); Janie Mason (AK); Jeffrey Jones (AK); Jill Boxer (AL); Josh Baker (SC); Katherine Haltiwanger (SC); Kelly Kennedy (TX); Kirk Sims (MS); Mark Robbins (AK); Maureen Matsen (VA); Natalie Joubert; Nick Tew (AL); Randall Ruaro (AK); Sara Benhauser (VA); Shana Gooch (TX); Stefanie Moreland (AK); Tony Almeida (NC); Diaz, Ricky (ricky.diaz@nc.gov); bryanstirling@gov.sc.gov; Leighow, Sharon W (GOV) (sharon.leighow@alaska.gov)
Cc: kip.knudson@alaska.gov; Butzlaff, Nathan B (GOV); Amy Dobson (AK)
Subject: OCS Governors Meeting Minutes from February 22
Attachments: Minutes from Feb 22, 2013 Mtg in DC.docx

Dear OCS Governors Representatives,

Thank you to all who attended the February 22nd meeting in Washington, DC. At the request of Governor Parnell's staff, I am forwarding draft meeting minutes from February 22nd. If you have any edits to these meeting minutes, please let me know.

Governor Parnell's staff will be in touch regarding action items agreed to during the meeting. Finally, for those not present at the meeting, I'd like to highlight the OCS Governors Coalition's new website, http://ocsgovernors.org/, which was launched in late February.

Sincerely,

Natalie

Natalie Joubert
Consumer Energy Alliance
1666 K Street, NW Suite 500
Washington, DC 20006
(202) 429-4931 (office)
Cell Phone No. Redacted

CONSUMER ENERGY ALLIANCE

ConsumerEnergyAlliance.org

OCS Governors Coalition
Meeting in Washington, DC
February 22, 2013

Meeting Minutes

Minutes from Closed Door Session with Governors:

- Opening remarks from Governor Parnell:
  - Governor was encouraged to see the letter to DOI Secretary Designate Jewell from Governors McDonnell, McCrory and Haley expressing a collective effort to work together on OCS issues.
  - Governor would like to review each state's priorities and then focus on issues with revenue-sharing and permitting consistency and timing.

- Opening remarks from Governor Bryant:
  - The Gulf operators understand well the consequences of delayed permitting following the temporary moratorium after *Deepwater Horizon*.
  - Mississippi wants to better focus efforts on workforce development, particularly for safety officers, to ensure that the state is well prepared in case of a potential accident and prepared for expanded leasing opportunities.
  - Mississippi is very supportive of lifting the $500 million revenue-sharing cap, as previously proposed by Senator Landrieu.

- Opening Remarks from Governor McCrory:
  - North Carolina is in the infancy stage of OCS development and will first need to assess the promise of the resources off its shores.
  - McCrory would like guidance from other states in the Coalition as his state evaluates the promise of economic benefits including revenue-sharing and the environmental issues associated with development.

- Opening Remarks from Secretary Domenech and Deputy Secretary Matsen:
  - Virginia supports offshore oil & natural gas as well as offshore wind and is eager to move forward with both programs.
  - In March 2010, Virginia was awarded the first lease sale (Lease Sale 220) off its coasts, but the sale by canceled by President Obama in December 2010 following the *Deepwater Horizon* spill. The Commonwealth of Virginia has objected to this decision at every opportunity and has been coordinating with its congressional delegation on legislation that would reinstate Lease Sale 220.
  - The BOEM is currently executing a Programmatic Environmental Impact Statement for future seismic research in the Atlantic, and a decision is expected by the end of 2013.

- On wind, Virginia expects a wind lease sale by 2nd Quarter 2013. In supporting wind, Virginia has been able to leverage that discussion to advocate for equal treatment on offshore oil and natural gas leasing.

- Discussion of Alaska Challenges:
  - Parnell: Shell has spent over $5 billion since 2006 for the opportunity to explore and develop resources in the Beaufort and Chukchi Seas, but permitting and litigation delays have prevented the company from moving forward. The DOI is on the verge of a decision for Shell's 2013 season. [Note: Shell decided to postpone its 2013 season on February 27, 2013.].
    - The pace of permitting is a huge issue for Governor Parnell and with a new Secretary at the DOI, Parnell is hopeful that there can be better relations and the Coalition can engage in a constructive dialogue, as stated in its core mission.

- Discussion of Atlantic Challenges:
  - McCrory: North Carolina needs pragmatic communications with industry and the federal government on the reality of OCS development off North Carolina. From industry, market-based information is necessary to communicate to the public.
  - Holt: During the Offshore Technology Conference in Houston on May 6, there is the potential to hold an industry roundtable with experts who can discuss with the governors the resource potential in the Atlantic and the technology advancements in OCS development post-*Deepwater Horizon*.

- Revenue-sharing:
  - Parnell: All in favor of committing to work together with Congress to advance revenue-sharing for all coastal states. All in favor. None opposed. Motion carries.

- Pace of Permitting:
  - Parnell: All in favor of committing to work together with the Administration to ensure a swifter permitting regime. All in favor. None opposed. Motion carries.

- Review of Website:
  - Joubert: Website includes information on the Coalition's mission, membership and contact information as well as an educational page on "OCS 101." The site, ocsgovernors.org, is live and will be updated with the bylaws and additional policy information.

- Review of Bylaws:
  - Parnell: All in favor of adopting the draft bylaws without amendment for the Outer Continental Shelf Governors Coalition. All in favor. None opposed. Motion carries.

- Review of Next Meeting:
  - The next face-to-face meeting of the governors will be Monday, May 6, 2013 in Houston, TX at the Offshore Technology Conference. Consumer Energy Alliance is hosting a panel discussion for the governors. OTC draws over 80,000 attendees to the annual conference/trade show, in which offshore industry operators display and discuss the newest advances in offshore technology.
    - Governor Perry is confirmed to participate
    - Governor Parnell is planning to attend and Governor Bryant will try to attend.

- Closing Remarks by Governor Parnell:
  - Governor Parnell will strive to give a collective voice to the OCS Governors Coalition.
  - Governor Parnell would like to hold regional meetings with the governors, including the Houston event, and would like to hold meetings in Alaska and Virginia.

- Media Availability:
  - Media participating: Andrew Restuccia: POLITICO; Michael Bastasch: Daily Caller News Foundation; Jim Snyder: Bloomberg; Ellen Gilmer: E&E News; and Zack Colman: The Hill newspaper.

Minutes from Staff Meeting:

- Discussion on Interior Secretary Designate Sally Jewell. Decision by the staff to compose a letter to Ms. Jewell discussing the Coalition and some of its objectives. In the letter, it would be helpful to advise her to be responsive to the governors.
- Discussion on legislative efforts on revenue-sharing and reinstatement of Lease Sale 220. Agreement to compose a letter to all 16 senators representing the OCS Governors' states with a focus on revenue-sharing but also addressing other items of interest to the Coalition. Goal is to form a more collaborative relationship with the senators on these issues.
- Discussion on Virginia's ongoing struggles to convince the federal government and the public that it has the infrastructure capable of managing offshore activity. To this effect, the group discussed the potential to compile a report in early 2014 that highlights the technology advancements and best practices available to ensure safe OCS development in all regions.
- Discussion on National Ocean Policy. Virginia has its first Mid-Atlantic regional planning meeting in the near future and it would be helpful to have supportive voices participate. Governor Parnell will not directly engage with the National Ocean Council as he opposes the Council's proposal.
- Administrative review of website and bylaws. Bylaws to be finalized and posted on the website.
- Discussion on communications coordination. In the near future, each of the members' communications staff should hold a teleconference to discuss ways to better collaborate.

Meeting Attendance:

Alabama:	Ms. Jill Boxler
Alaska:	The Honorable Sean Parnell
	Mr. Kip Knudson
	Ms. Sharon Leighow
	Ms. Amy Dobson
	Mr. Nathan Butzlaff
	Mr. Michael Nizich
Mississippi:	The Honorable Phil Bryant
	Mr. Kirk Sims

North Carolina:	The Honorable Pat McCrory
	Mr. Thomas Stith
	Mr. Ricky Diaz
South Carolina:	Mr. Bryan Stirling
Texas:	Ms. Emily Domenech
Virginia:	Secretary Doug Domenech
	Deputy Secretary Maureen Matsen

Volunteer Staff with OCSGC:

Consumer Energy Alliance:	Mr. David Holt
	Ms. Natalie Joubert
	Mr. Michael Whatley

Chip Kline

From: Natalie Joubert <NJoubert@hbwresources.com>
Sent: Wednesday, July 24, 2013 1:07 PM
To: Amy Dobson (AK); Chip Kline; Chris Champion (MS); Cindy Sims (AK); Dan Wilmot (TX); David Holt CEA; Doug Domenech (VA); Elizabeth Bluemink (AK); Garret Graves; I'man Robinson (VA); Janie Mason (AK); Jeffrey Jones (AK); Jill Boxer (AL); Jose Romano; Josh Baker (SC); Katherine Haltiwanger (SC); Kim Genardo (NC); Kip Knudson (AK); Kirk Sims (MS); Mark Robbins (AK); Martin Kent (VA); Natalie Joubert; Nate Hickman (TX); Nathan Butzlaff (nathan.butzlaff@alaska.gov); Nick Tew (AL); Randall Ruaro (AK); Sara Benhauser (VA); Shana Gooch (TX); Sharon Leighow (AK); Stefanie Moreland (AK); Tony Almeida (NC)
Subject: RE: Agenda: OCS Gov Teleconference - Wed, 7/24 at 4pm EST
Attachments: MOU_CEA and OCSGC_Draft.docx

All-

Sorry for the duplicate email. Per the agenda below, I'm attaching a draft MOU that will guide the relationship with CEA for voluntary assistance.

Thank you,

Natalie

From: Natalie Joubert
Sent: Wednesday, July 24, 2013 1:06 PM
To: Amy Dobson (AK); 'Chip Kline (LA)'; 'Chris Champion (MS)'; 'Cindy Sims (AK)'; Dan Wilmot (TX); David Holt CEA; 'Doug Domenech (VA)'; 'Elizabeth Bluemink (AK)'; 'Garret Graves (LA)'; 'I'man Robinson (VA)'; 'Janie Mason (AK)'; 'Jeffrey Jones (AK)'; Jill Boxer (AL); Jose Romano; 'Josh Baker (SC)'; 'Katherine Haltiwanger (SC)'; Kim Genardo (NC); 'Kip Knudson (AK)'; 'Kirk Sims (MS)'; 'Mark Robbins (AK)'; Martin Kent (VA); 'Natalie Joubert (CEA)'; Nate Hickman (TX); Nathan Butzlaff (nathan.butzlaff@alaska.gov); 'Nick Tew (AL)'; 'Randall Ruaro (AK)'; 'Sara Benhauser (VA)'; 'Shana Gooch (TX)'; Sharon Leighow (AK); Stefanie Moreland (AK); Tony Almeida (NC)
Subject: Agenda: OCS Gov Teleconference - Wed, 7/24 at 4pm EST

All,

Please find attached and below an agenda for today's OCS Governors Coalition teleconference at **4pm ET/3pm CT/12pm AK**.

We look forward to speaking with you then.

Sincerely,

Natalie

Outer Continental Shelf (OCS) Governors Coalition

Teleconference Agenda

Wednesday, July 24, 2013: 4pm ET/ 3pm CT/ 12pm AK

1-866-299-7945 (Passcode: 5402957#)

I. **Review of Recent OCS Governors Coalition Activity**
   a. Letters to OCS Governors' federal representatives – an introduction to the coalition and our priorities

II. **Proposed Future OCS Governors Meeting**
   a. Discussion of meeting agenda and goals
   b. Discussion of possible non-governor invitees (e.g., Interior Secretary Sally Jewell)

III. **Other Pending Items for Discussion**
   a. Possibility of creating the position of Vice Chair
   b. Memorandum of Understanding with Consumer Energy Alliance (CEA) for staff assistance
   c. Opening checking account for coalition
   d. Sending out dues notices to all members

From: Natalie Joubert
Sent: Friday, July 19, 2013 10:36 AM
Subject: OCS Gov Teleconference - Wed, 7/24 at 4pm EST

All –

The OCS Governors Coalition will hold its next OCS Governors representatives teleconference next **Wednesday, July 24 at 4pm EST/3pm CST/ 12pm AK.** We will focus our discussions on the OCS Governors letter to the federal delegations, which has been sent to all offices, and the next face-to-face meeting. A full agenda with be circulated by Governor Parnell's staff next week.

Please use the call-in information below. A separate call notice will also be circulated.

1-866-299-7945

(Passcode: 5402957#)

Have a wonderful weekend,

Natalie

Natalie Joubert
Consumer Energy Alliance
1666 K Street, NW Suite 500
Washington, DC 20006
(202) 429-4931 (office)
Cell Phone No. Redacted
ConsumerEnergyAlliance.org

Outer Continental Shelf (OCS) Governors Coalition

Teleconference Agenda

Wednesday, July 24, 2013: 4pm ET/ 3pm CT/ 12pm AK

1-866-299-7945 (Passcode: 5402957#)

I. **Review of Recent OCS Governors Coalition Activity**

   a. Letters to OCS Governors' federal representatives – an introduction to the coalition and our priorities

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   b. Discussion of possible non-governor invitees (e.g., Interior Secretary Sally Jewell)

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   a. Possibility of creating the position of Vice Chair

   b. Memorandum of Understanding with Consumer Energy Alliance (CEA) for staff assistance

   c. Opening checking account for coalition

   d. Sending out dues notices to all members

Outer Continental Shelf (OCS) Governors Coalition
Teleconference Minutes
Wednesday, July 24, 2013

Discussion of Recent OCS Governors Activity

- On July 17, the OCS Governors Coalition sent a letter to each of the 101 U.S. Representatives and Senators from the 8 coalition states urging their federal delegates to support OCS policy issues important to the governors, including expanded revenue-sharing, new access, and expediting the rulemaking for Phase II GOMESA revenue-sharing;
- Governor Parnell's office will forward any substantive feedback from the congressional offices to the respective OCS Governors member if received.
- The representatives discussed the differing Senate and House bills relating to expanded offshore revenue-sharing.

Discussion on Next OCS Governors Coalition Meeting

- For the next OCS Governors Coalition meeting, the group would like to hold a more substantive discussion on a number of OCS-related policy issues. To this effect, the group agreed that it would be optimal to have DOI Secretary Sally Jewell meet with the governors. In addition, the group agreed that it would be appropriate for the governors to participate in a congressional field hearing if possible. The House Natural Resources Committee has approached the Coalition about this prospect and remains interested. Finally, the Coalition agreed that another industry roundtable discussion would be of interest for the next meeting.
- Per dates and location, the Coalition is still evaluating multiple prospects, including a new option: October 13-15 in Biloxi, Mississippi in conjunction with the Southern States Energy Board. Save the dates will be circulated in August.

Administrative Items

- Governor Parnell's office would like to evaluate the prospect of naming a Vice Chair for the Coalition. The group discussed the merits of having a Vice Chair as well as if the bylaws would need to be amended to allow for another leadership position.
- Governor Parnell's office has circulated a draft Memorandum of Understanding that sets parameters for the relationship between CEA and the Coalition. Any feedback should be sent to Gov. Parnell's office within a week of the teleconference.
- The Coalition is also finalizing a bank account and a process for collecting and utilizing members' annual dues. The bylaws require each member state to pay dues of $1,000 annually. Invoices will be sent from Gov. Parnell's office in the near future.

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (MOU) is entered into by and between the Outer Continental Shelf (OCS) Governors Coalition ("Coalition") and Consumer Energy Alliance ("CEA"). The OCS Governors Coalition is a group of eight U.S. state governors, allied in their support for expanded offshore energy resource development. CEA is a nonprofit, nonpartisan, 501(c)(4) organization whose mission is to promote a thoughtful, balanced U.S. energy policy that ensures affordable, accessible supplies of energy for American consumers.

A. **Purpose**

Pursuant to Article VII of the bylaws of the OCS Governors Coalition, CEA must enter into a Memorandum of Understanding with the OCS Governors Coalition if its relationship with the OCS Governors Coalition is to exceed 30 days. CEA and the OCS Governors Coalition have agreed to maintain a relationship that will last beyond a 30-day time period, and therefore have entered into this MOU. This MOU serves to stipulate the respective roles of each party as they relate to CEA's participation in the OCS Governors Coalition.

B. **Roles and Responsibilities**

Pursuant to Article III of the bylaws of the OCS Governors Coalition, CEA is not eligible for membership in the Coalition and subsequently cannot be conferred voting rights in the Coalition. However, pursuant to Article VII of the bylaws, the OCS Governors Coalition can allow non-voting entities, including non-governmental organizations such as CEA, to maintain certain designated roles and participate in certain functions of the OCS Governors Coalition at the discretion of the Chairman. The Chairman has the authority under the bylaws to stipulate the terms of this relationship.

Below are the roles and responsibilities as stipulated by the OCS Governors Coalition Chairman, the Office of Governor Sean Parnell.

Roles and Responsibilities: Consumer Energy Alliance

- Consumer Energy Alliance does not maintain the right to vote nor can be classified as a member of the Coalition.
- Consumer Energy Alliance is designated the role of volunteer staff for the Coalition, which includes the following responsibilities:
    - Maintaining frequent conversation with the Chairman's designated staff to ensure all responsibilities are met in a timely fashion.
    - Designing, scheduling and executing all future meetings of the Coalition, including face-to-face meetings of the governors and/or their staff, and teleconferences as well as Coalition participation at non-Coalition events (e.g. congressional hearings, media engagements, etc.).

- Executing all day-to-day administrative, writing and research needs of the Coalition as dictated and overseen by the Chairman or Vice Chairman of the Coalition, including issue briefs, meeting minutes, and website content.
- Assisting in the conceptualization and execution of all internal and external communication and media engagement of the Coalition.
- Developing and managing a website and other electronic communications for the Coalition (e.g. regular newsletter).
- Coordinating with the members of the Coalition to expand the membership to other eligible members or states who seek observer status within the Coalition.
- Managing the Coalition's finances and dues payments at the strict supervision of the Chairman.
- Assisting in other appropriate means as stipulated by the Chairman.

Roles and Responsibilities: OCS Governors Coalition Chairman:

- In his/her role as Chair of the OCS Governors Coalition, the Chair is responsible for managing CEA and its role as voluntary staff, by:
  - Identifying staff within the Chairman's office that agrees to serve as the principal managers with CEA.
  - Maintaining consistent communication with identified CEA staff and overseeing all activities performed by CEA in pursuit of objectives identified by this MOU.
  - Reviewing periodically this MOU with CEA to ensure all parties are properly fulfilling their designated roles.
  - Coordinating revisions of this MOU if the Chair or CEA determines additional clarification is needed on the roles and responsibilities of each party.
- Roles and responsibilities of the Chair outside of this MOU are stipulated in the bylaws of the Coalition.

C. **Timeframe & Termination**

This MOU will commence on ____________ and does not include a termination date.

Termination of the MOU must be agreed by a majority vote of the Coalition members. If the Coalition votes to terminate this MOU and its relationship with CEA, the Chair must notify CEA of its intent 90 days prior to termination. Upon notification of termination, CEA will work with the Chair to end its operations and ensure a smooth transition of the staffing of the Coalition from CEA to another entity as designated by the Coalition.

D. **<u>Agreement</u>**

This Memorandum of Understanding is the complete agreement between the Outer Continental Shelf Governors Coalition and Consumer Energy Alliance and may only be amended by written agreement signed by each of the parties involved.

Outer Continental Shelf Governors Coalition

Authorized Official: ______________________________ ______________________________

Signature Name and Title

Address: ____

Telephone: ____

Email Address: ____

Consumer Energy Alliance

Authorized Official: ______________________________ ______________________________

Signature Name and Title

Address: ____

Telephone: ____

Email Address: ____

Chip Kline

From: Natalie Joubert <NJoubert@consumerenergyalliance.org>
Sent: Thursday, October 10, 2013 9:40 AM
To: Jill Boxer (AL); Nick Tew (AL); Chris Champion; Chip Kline; Enger Kinchen; Garret Graves; Katie Kalicki (TX); Nate Hickman (TX); Doug Domenech (VA); Sara Benhauser (VA); Almeida, Tony; hugh.johnson@nc.gov; Kim Genardo; Janie Mason (AK)
Cc: Butzlaff, Nathan B (GOV); kip.knudson@alaska.gov; David Holt; Brent Greenfield
Subject: Updates for OCSGC in Biloxi; Revised Binder
Attachments: Revsied OCS Gov Binder_101513.pdf

All –

I've attached an updated version of the electronic binder that includes a few changes.

Of note, for the 12pm CT luncheon on Tuesday, the governors will dine separately at a private room at a restaurant onsite at the Beau Rivage, Stalla. Governors' surrogates and staff will remain in the Azalea A Ballroom for the 12pm luncheon. The luncheon will still conclude at 1:00pm.

Additionally, I've added read-ahead documents from three of our industry presenters for the roundtable: NOIA, Spectrum Geo, and the Southeastern Coastal Wind Coalition. Unfortunately, I have not received similar documents from the other industry presenters, but will provide copies at the roundtable if these become available.

If you have any questions over the next few days, please reach out to Nathan or me. I will be traveling today and tomorrow but am accessible on my celCell Phone No. Redacted

Safe travels to those going to Biloxi.

Sincerely,

Natalie

Natalie Joubert
Consumer Energy Alliance
1666 K Street NW, Suite 500
Washington, DC 20006
202.429.4931 (office)
Cell Phone No. Redacted

CONSUMER ENERGY ALLIANCE
THE VOICE OF THE ENERGY CONSUMER

From: Natalie Joubert
Sent: Tuesday, October 08, 2013 5:56 PM
To: 'Jill Boxer (AL)'; 'Nick Tew (AL)'; 'Chris Champion'; 'Chip Kline (LA)'; 'enger.kinchen@la.gov'; 'Garret Graves (LA)'; Katie Kalicki (TX); 'Nate Hickman (TX)'; Doug Domenech (VA); 'Sara Benhauser (VA)'; 'Almeida, Tony'; 'hugh.johnson@nc.gov';

'Kim Genardo'
Cc: 'Butzlaff, Nathan B (GOV)'; kip.knudson@alaska.gov; 'David Holt (CEA)'; 'Brent Greenfield'
Subject: Electronic Briefing Binders for OCS Governors Meeting in Biloxi

All –

I have attached a combined copy of the electronic briefing books for next Tuesday's OCS Governors Coalition meeting. We sincerely apologize for the delay in forwarding this document to you, but we had to make some revisions in light of the cancelation of the congressional hearing.

Printed copies will be available onsite at the Beau Rivage on Monday evening. However, if you would like a printed copy available beforehand, please let me know by COB tomorrow and please advise on the best address for FedEx.

I've included the table of contents for the attached below.

Two items that are not currently included in the binder:

1. Read-aheads from the industry participants. These are due by COB tomorrow and will be forwarded to you by Thursday morning.
2. A copy of a template press release. Per this morning's teleconference, there did not appear an appetite to do a press release, but if someone objects, Gov. Parnell's office is willing to assist.

Information included in your binder's attached:

TAB 1 – Important Information

TAB 2 – Information on Each Part of the Agenda

TAB 3 – Messaging & Resource Documents

TAB 4 – Recent OCS Governors Material

Page 44: Letter sent to U.S. House leadership on H.R. 2231 and H.R. 1613 (June 25, 2013)

If you have any questions, please reach out to Nathan or me.

Sincerely,

Natalie

Natalie Joubert
Consumer Energy Alliance
1666 K Street NW, Suite 500
Washington, DC 20006
202.429.4931 (office)
Cell Phone No. Redacted

CONSUMER ENERGY ALLIANCE
THE VOICE OF THE ENERGY CONSUMER

Outer Continental Shelf Governors Coalition

Fall Meeting

Biloxi, Mississippi

Tuesday, October 15, 2013
8:30am CT – 1:00pm CT

OCS Governors Coalition:
Meeting in Biloxi, Mississippi
Tuesday, October 15, 2013

Proposed Run-of-Show for October 15:

(All Times Central)

8:30am-9:15am: **Governors to meet at holding room for private meet and greet**
Location: *Azalea A Ballroom at the Beau Rivage Resort*
875 Beach Blvd, Biloxi, MS 39530

Breakfast will be available. Closed to the media. Governors and staff only. Optional.

9:30am-10:10am: **Southern States Energy Board & OCS Governors Coalition Panel**
Location: *Camilla A Ballroom, Beau Rivage Resort*
875 Beach Blvd, Biloxi, MS 39530

Opportunity for the governors to speak to state legislators, regulators and others present for the SSEB. Virginia Secretary of Natural Resources Doug Domenech will moderate a question and answer session with Gov. Parnell, Gov. Bryant and Gov. McCrory. Open to the media.

10:30am-11:45am: **Industry Roundtable**
Location: *Azalea A Ballroom at the Beau Rivage Resort*
875 Beach Blvd, Biloxi, MS 39530

Executives and experts from oil & natural gas producers, renewable energy producers, seismic surveying companies, and trade associations will brief the governors on a variety of OCS related issues and will be available to answer questions. Specific topics include discussion on: five-year oil & gas leasing process; updates on offshore safety & technology; the importance of seismic surveying and resource evaluation; and the potential of offshore renewable energy. Closed to the media.

12:00pm- 1:00pm: **OCS Governors Coalition: Governors-Only Luncheon**

Location: *Stalla Restaurant (Private Room) at the Beau Rivage Resort*
875 Beach Blvd, Biloxi, MS 39530

Governor Parnell will host a luncheon for the governors at Stalla, a restaurant on-site at the Beau Rivage. Closed to the media. Lunch will be served.

12:00pm- 1:00pm **OCS Governors Coalition: Surrogate & Staff Luncheon**

Staff Location: *Azalea A Ballroom at the Beau Rivage Resort*
875 Beach Blvd, Biloxi, MS 39530

Surrogates and governors' staff will meet to discuss the priorities of the OCS Governors Coalition going forward and action items coming out of the meetings in Biloxi. Closed to the media. Lunch will be served.

Important Contact & Location Information
Tuesday, October 15, 2013 ▪ Biloxi, MS

Security Information

Please coordinate all security concerns with Canissa Summerhill at the SSEB:

Canissa Summerhill Cell: Cell Phone No. Redacted
Email: summerhill@sseb.org

Beau Rivage Resort & Casino

Venue For:	Sleeping Rooms OCS Governors Breakfast Meet & Greet (8:30am CT) OCS Governors Panel with the Southern States Energy Board (9:30am CT) Industry Roundtable (10:30am CT) Governors' Luncheon (12:00pm CT)
Address:	875 Beach Boulevard Biloxi, MS 39530
Contact:	Main: 228-386-7111 Caterer: 228-386-7967 (Callie Barfell)

Onsite Staff

Kip Knudson (Gov. Parnell)	Cell: Cell Phone No. Redacted Email: kip.knudson@alaska.gov
Chris Champion (Gov. Bryant)	Cell: Cell Phone No. Redacted Email: chris.champion@governor.ms.gov
David Holt (CEA)	Cell: Cell Phone No. Redacted Email: dholt@consumerenergyalliance.org

Natalie Joubert (CEA)	Cell: Cell Phone No. Redacted Email: njoubert@consumerenergyalliance.org	
Brent Greenfield (CEA)	Cell Phone No. Redacted Email: bgreenfield@consumerenergyalliance.org	

Southern States Energy Board

Note: OCS Governors will be coordinating with the SSEB on the 9:30am CT panel.

Name: Kathryn Baskin
770-242-77212 (office)
Cell Phone No. Redacted
baskin@sseb.org

OCS Governors Coalition Confirmed Participants

Biloxi, MS ▪ Tuesday, October 15

Confirmed Governors

- The Honorable Sean Parnell, Governor of Alaska, Chairman of the OCS Governors Coalition
- The Honorable Phil Bryant, Governor of Mississippi, Chairman of the Southern States Energy Board
- The Honorable Pat McCrory, Governor of North Carolina

Confirmed Surrogates

- The Honorable Doug Domenech, Secretary of Natural Resources
    - Office of Virginia Governor Bob McDonnell
- Dr. Berry "Nick" Tew, Jr., State Geologist of Alabama
    - Office of Alabama Governor Robert Bentley
- Mr. Michael Morrissey, Deputy Chief of Staff and Senior Advisor
    - Office of Texas Governor Rick Perry
- Garret Graves, Executive Assistant to the Governor for Coastal Activities
    - Office of Louisiana Governor Bobby Jindal

Google

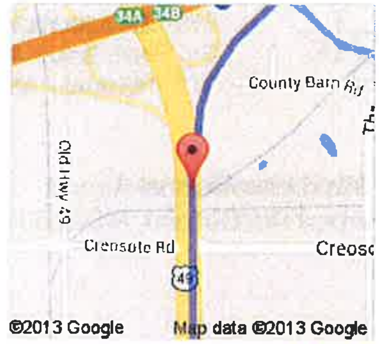
Directions to Beau Rivage Resort & Casino
875 Beach Blvd, Biloxi, MS 39530
18.9 mi – about **19 mins**

Gulfport-Biloxi International Airport
14035-L Airport Rd, Gulfport, MS 39503

1. Head **northwest** on **Airport Rd** toward **Airport Rd** — go 0.1 mi, total 0.1 mi

2. Take the 1st left to stay on **Airport Rd**
About 2 mins — go 1.2 mi, total 1.3 mi

49 3. Take the 3rd right onto **US-49 N**
About 2 mins — go 0.7 mi, total 2.0 mi



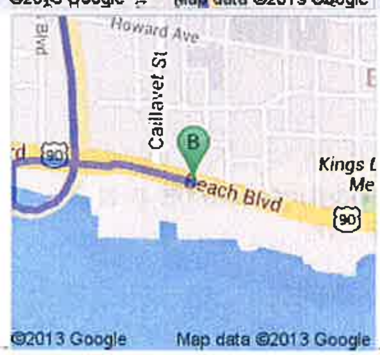
5. Take exit **46A** to merge onto **I-110/MS-15 S** toward **Biloxi/ Keesler A.F.B.**
About 4 mins

go 3.8 mi
total 18.0 mi

6. Take exit **1A** to merge onto **US-90 E/Beach Blvd** toward **Ocean Springs**
Destination will be on the right
About 1 min

go 0.9 mi
total 18.9 mi

Beau Rivage Resort & Casino
875 Beach Blvd, Biloxi, MS 39530



These directions are for planning purposes only. You may find that construction projects, traffic, weather, or other events may cause conditions to differ from the map results, and you should plan your route accordingly. You must obey all signs or notices regarding your route.

Directions weren't right? Please find your route on maps.google.com and click "Report a problem" at the bottom left.

OCS Governors Private Meet and Greet
8:30am CT ▪ Tuesday, October 15

Event: Opportunity for governors and staff to meet privately before the day's events. Light breakfast will be served. Closed to media and other outside participants. Optional.

Time: 8:30am – 9:15am CT

Location: Azalea A Ballroom
Beau Rivage Resort
875 Beach Blvd, Biloxi, MS 39530

Format: No official format. Governors and staff may come and go as they please for breakfast. Staff will be on hand to answer any questions about the day's agenda.

Special Needs? If you have any dietary needs, business equipment needs, etc., please contact Natalie to arrange with the catering staff.

Contact: Natalie Joubert
Cell Phone No. Redacted
njoubert@consumerenergyalliance.org

OCS Governors Panel at the Southern States Energy Board
9:30am CT ▪ Tuesday, October 15

Event: OCS Governors Coalition Panel at the Southern States Energy Board

Time: 9:30am – 10:10am CT

Location: Camilla A Ballroom
Beau Rivage Resort
875 Beach Blvd, Biloxi, MS 39530

Format: Virginia Secretary of Natural Resources Doug Domenech (VA) will serve as the moderator for the panel, which will feature Gov. Bryant (MS), Gov. Parnell (AK) and Gov. McCrory (NC). Given the short length of the event, Sect. Domenech will briefly introduce the governors and then will go directly into question and answer. The list of questions is on the next page.

Audience: The panel will be open to all SSEB attendees, which will include state legislators, regulators, governor and legislative staffers from the southern states as well as industry sponsors and other private and nonprofit registered attendees.

Staging: The three governors and Sect. Domenech will sit on a riser in front of the audience.

Media: This session will be open to the media, but no live microphone will be permitted on the floor.

Should governors wish to participate in any one-on-one media interviews before or after this 9:30am panel, they may go to the SSEB press conference area, adjacent to the Camilla A Ballroom.

Contact

Kathryn Baskin	Natalie Joubert
Cell Phone No. Redacted	Cell Phone No. Redacted
baskin@sseb.org	njoubert@consumerenergyalliance.org

OCS Governors Panel at the Southern States Energy Board
9:30am CT ▪ Tuesday, October 15

Moderated Questions

For Governor Parnell:

1. Can you please describe the Outer Continental Shelf Governors Coalition; the tasks you see before the Coalition; and its accomplishments to date?

2. One of the shared policy goals of the Coalition is to expand revenue-sharing to all interested coastal states. If federal legislation permitted the expansion of revenue-sharing to Alaska, what would this mean for the State and how would you like the State to utilize these funds if, hypothetically, there were no restrictions on its use?

3. What's the one thing you would like to impart about Alaska and its energy potential to the audience here today, understanding that most of us are southerners who may forget that the United States is an Arctic nation?

4. Over half of the lands in Alaska are under federal management. During your Administration, we've seen the federal government obstruct energy development onshore and offshore in Alaska. Do you see this trend continuing under the new leadership of U.S. Interior Secretary Jewell, or do you see greater opportunities for collaboration? What alternatives can the State of Alaska pursue if the federal government is unwilling to work with your Administration?

5. Operators in the Alaska OCS have faced significant regulatory challenges in their quest to develop prodigious oil & natural gas resources. On top of years of delay, it appears special Arctic standards will be applied to future Alaska OCS operations. How should the federal government approach offshore safety regulations for frontier areas, like the Arctic and the Atlantic?

For Governor Bryant:

1. Mississippi is strategically positioned to benefit from offshore development of energy resources- oil, natural gas, and renewables. The Mississippi Energy Roadmap focuses on ways the state can enhance its position in oil and natural gas-related exploration and extraction. It calls "for the responsible development of those resources, job creation, and attracting energy exploration investment by ensuring efficiency in the permitting process for both offshore and onshore exploration and extraction; and enhancing communications among regulators and industry." How is your Administration meeting those goals?

2. While Mississippi may not have a lot of offshore oil and gas extraction companies headquartered here, it does have a lot of workers both in the operation and support industry that live in your state. How does a change in federal policy affect those jobs, especially the support industry here in your state?

3. After a temporary moratorium on drilling after the 2010 Deepwater Horizon spill, it took years for the industry to rebound, and we're still seeing lower production coming out of the Gulf than historical levels. Is the Gulf back on track to reach its full potential? Does industry still face permitting delays or other regulatory challenges?

4. Mississippi is one of four Gulf States that currently participates in federal revenue-sharing for offshore revenues. How have these revenues benefited the state? What, if any, reforms would you like to see to the revenue-sharing program?

5. Since the Deepwater Horizon spill in April 2010, how have your state policies on offshore drilling changed?

For Governor McCrory:

1. This past legislative session, North Carolina passed S.B. 76, the "Domestic Energy Jobs Act." Can you discuss some of the provisions of the bill that address offshore energy development and how your Administration has started working to advance this bill?

2. In 2010, Congress instructed the Department of the Interior to provide a timeline to complete the Environmental Impact Statement that would enable seismic surveys in the Atlantic. At the time, Interior predicted the analysis would be concluded by April 2012, but Interior still hasn't finished its review. Why is it important that Interior finish this review and allow seismic surveying, and do you have any insight as to why Interior has stalled on this project?

3. Virginia Governor McDonnell and I have focused a lot of energy into ensuring that our state's coastal infrastructure, military operations and shipping industry would be compatible with future offshore drilling. Are there any similar concerns for North Carolina and how has your Administration played a role in preparing for future OCS drilling?

4. Originally, the governors here today were slated to participate in a congressional field hearing on offshore energy, but unfortunately the hearing had to be canceled due to the federal government shutdown. Had the hearing occurred, what would you have liked to communicate to our federal leaders about the Coalition and its support for offshore energy production?

5. North Carolina and its Atlantic neighbors have been very supportive of efforts to expand offshore wind energy, and the federal government has moved forward with commercial leasing in the Mid-Atlantic. What are some of the opportunities and challenges that you see with offshore wind energy?

OCS Governors – Industry Roundtable
10:30am – 11:45 CT ▪ Tuesday, October 15

Event: OCS Governor Coalition Industry Roundtable

Time: 10:30am – 11:45am CT

Location: Azalea A Ballroom
Beau Rivage Resort
875 Beach Blvd, Biloxi, MS 39530

Format: Agenda on next page.

Media: The event will be closed to the media.

Attendees: Attendance will be limited to the governors and staff, plus the executive and one guest per executive. Read-ahead documents provided by each company can be found in this tab, after the agenda.

Confirmed Company/Organization & Executive

National Ocean Industries Association *(Randall Luthi, President)*
ExxonMobil *(Randy Broiles, Vice President, Americas)*
Shell *(Bill Townsley, Shell Well Delivery Program Manager)*
Spectrum Geo, *(Richie Miller, President)*
Southeastern Coastal Wind Coalition *(Brian O'Hara, President)*
Chevron (*Sandi Fury, Manager, Legislative & Regulatory Advocacy*)

Contact: Natalie Joubert
Cell: Cell Phone No. Redacted
Email: njoubert@consumerenergyalliance.org

OCS Governors Coalition:
Meeting in Biloxi, Mississippi
Tuesday, October 15, 2013

Proposed Agenda for Industry Roundtable Luncheon

Location: *Azalea A Ballroom at the Beau Rivage Resort*
875 Beach Blvd, Biloxi, MS 39530

(All Times Central)

10:30am: Convene to Azalea A Ballrooom & Brief Introductions

(Governor Parnell to lead introductions)

10:35am: Topic I – Review of the Five-Year Plan Process

(National Ocean Industries Association to Help Lead Discussion)

- *What steps are involved in developing a five-year oil & gas leasing program and how can governors participate in the process?*
- *What should we expect in the next five-year plan (2017-2022) and what do we hope to see?*

10:55am: Topic II – Advancements in Safety & Technology

(Oil & Gas Companies including Shell and ExxonMobil to Help Lead Discussion)

- *How has the industry advanced its safety preparedness post-Macondo?*
- *How has federal regulation played a role in these advancements?*
- *What specialized technologies do we see – or will we see – in frontier areas of the Atlantic and Arctic?*

11:15am: Topic III – The Role of Seismic Surveying in Understanding the Resource Base

(Spectrum Geo to Help Lead Discussion)

- *What regulatory challenges does the industry face, particularly in the Atlantic, and will this affect other OCS Regions?*
- *What safety measures are in place to minimize the impact of seismic activity?*

11:30am: **Topic IV – The Potential for Renewable Energy Offshore**

(Southeastern Coastal Wind Coalition to Help Lead Discussion)

- *What is the potential for offshore wind, wave and tidal in the various OCS regions?*
- *How can governors influence the leasing and regulatory process for offshore wind?*

11:45am: **Conclude**

ACCESS MATTERS

Revenue

Developing America's currently off-limits offshore resources could generate:

$1.3 trillion

in revenue over the LIFE OF THE RESOURCE. (ICF International study)

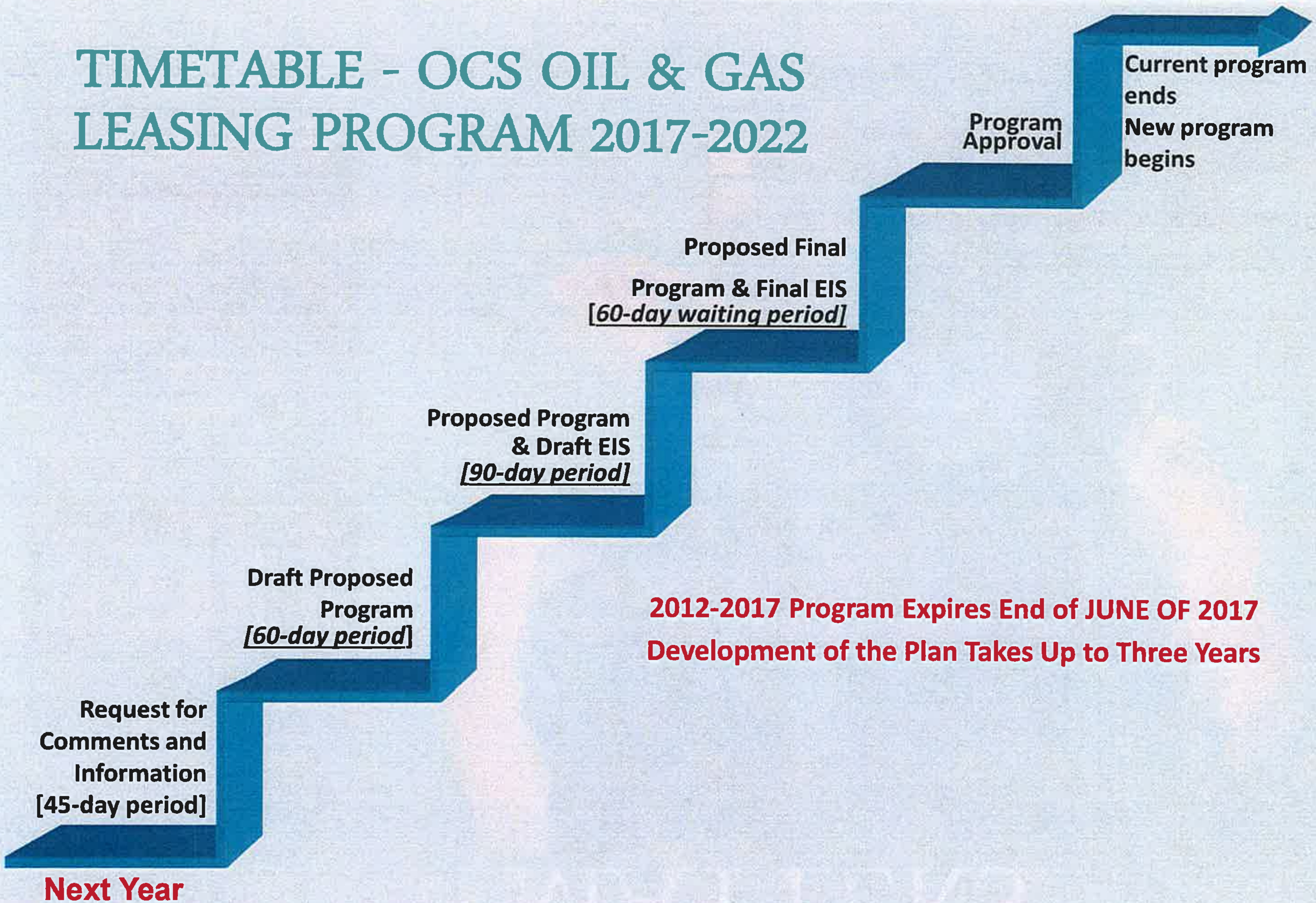
Jobs

Each year over the next 30 years, increasing offshore production could sustain (AEA, 2009):

1.2 million NEW JOBS

242,317 Americans were employed in jobs directly or indirectly related to the offshore energy industry in 2010 (Quest)

TIMETABLE - OCS OIL & GAS LEASING PROGRAM 2017-2022



2012-2017 Program Expires End of JUNE OF 2017

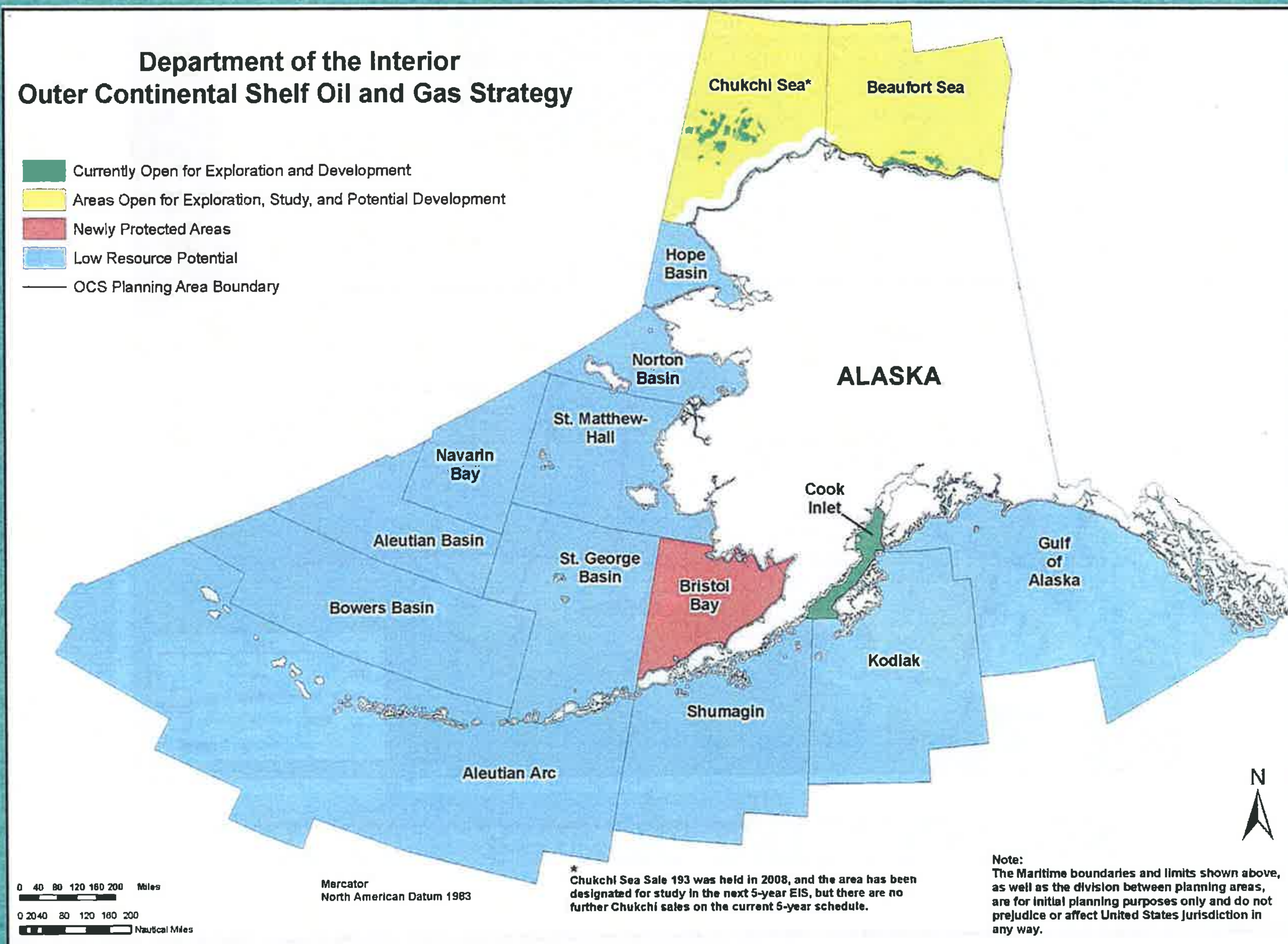
Development of the Plan Takes Up to Three Years

NOIA America's Offshore Energy Industry

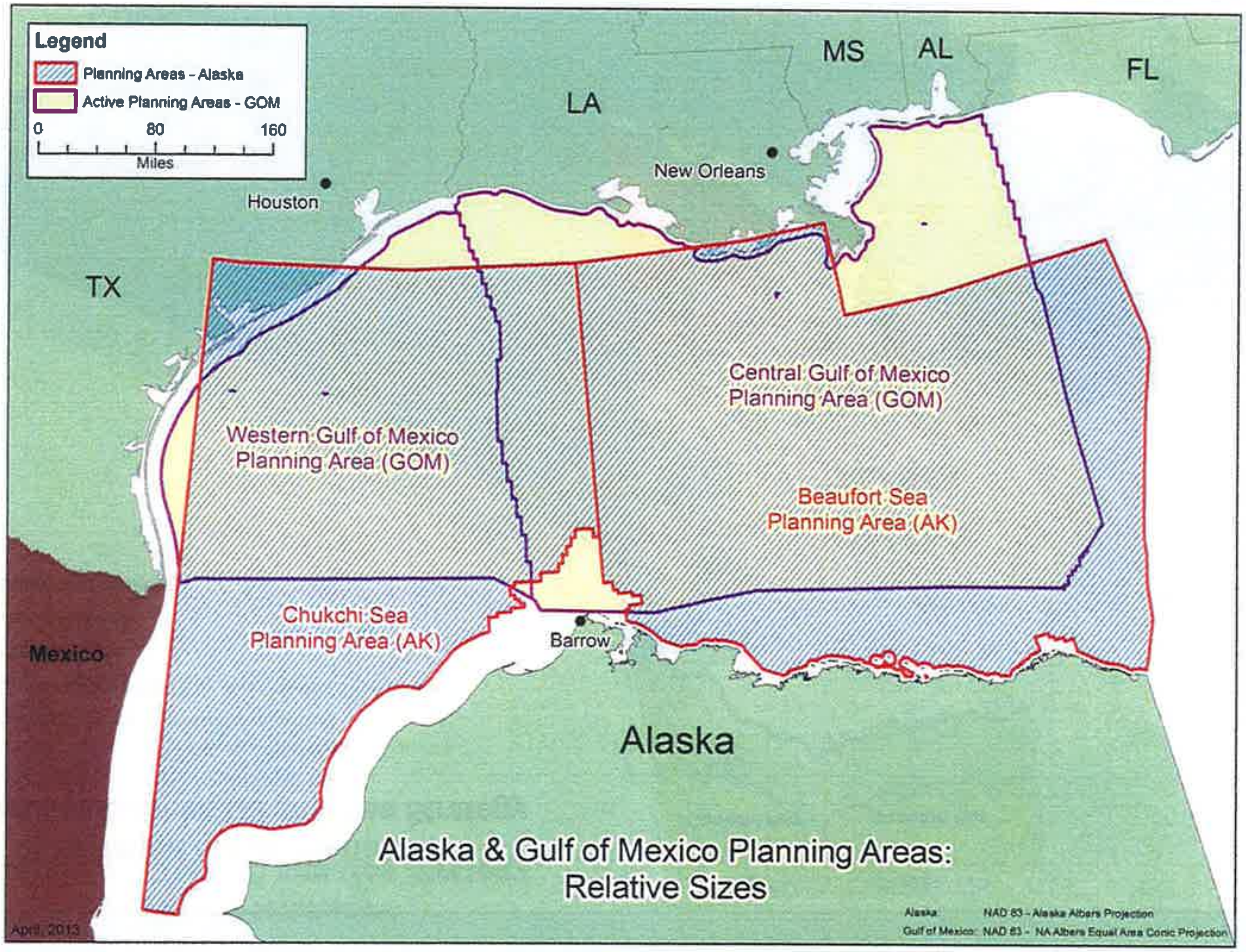
OCS Governors Coalition:
The Five Year Plan Process

noia.org

WHERE CAN ALASKA DRILL?



ALASKAN ARCTIC EXPLORATION



BOEM April 2013

NOIA America's Offshore Energy Industry

OCS Governors Coalition:
The Five Year Plan Process

noia.org

America's Offshore Energy Industry

The National Ocean Industries Association (NOIA), founded in 1972 with 33 members, represents all facets of the domestic offshore energy and related industries. Today, over 300 member companies are dedicated to the safe development of offshore energy for the continued growth and security of the United States. Our membership also includes companies involved in or branching out to pursue offshore renewable and alternative energy opportunities. NOIA members are engaged in many business activities, in addition to those listed below, including environmental safeguards, equipment supply, gas transmission, navigation, research and technology, shipping and shipyards.

- TELECOMUNICATIONS
  Companies provide communications, ocean sensing and navigation and positioning services that are essential tools for offshore operations.
- CONSTRUCTION & MANUFACTURING
  Companies are involved in all phases of design, management, manufacture of components for and construction of drilling rigs, production platforms and related facilities.
- GEOPHYSICAL
  Geophysical surveys produce "maps" of rock structures beneath the sea floor likely to hold oil and natural gas.
- ENGINEERING AND CONSULTING
  A wide range of marine engineering and consulting services includes control system design, simulation and modeling, pollution control and structure design.
- TRANSPORTATION, WAREHOUSING AND LOGISTICS
  The role of marine, land and air transport, warehousing and logistics continues to grow as the offshore industry moves into deeper waters.
- OIL & NATURAL GAS PRODUCTION
  Oil and gas producers range from independent companies to the largest international oil companies, and are involved in the full range of petroleum operations.
- OFFSHORE RENEWABLE AND ALTERNATIVE ENERGY
  Both established oil and gas producers and new energy companies are working toward harnessing the power of offshore wind, waves, currents and tides.
- PROFESSIONAL SERVICES
  Professional institutions involved in marine-related services include banks, investment firms, law firms and insurance underwriters.
- OFFSHORE DRILLING
  Expanding technology allows safe drilling operations to move into deeper and more environmentally hostile regions.
- DIVING
  Operations include diving for salvage, safety inspection, photography, pipe, cable installation and more.

America's Offshore Energy Industry

Biography
Randall Luthi
President, NOIA

Randall Luthi became President of the National Ocean Industries Association (NOIA) on March 1, 2010.

An attorney and rancher from Freedom, Wyoming, Luthi has had an exciting career holding various positions ranging from Wyoming Speaker of the House, to director of a Federal agency, to legislative assistant in the U.S. Senate, to an attorney at both the Department of the Interior (DOI) and the National Oceanic and Atmospheric Administration (NOAA), where he worked on natural resource damages following the Exxon Valdez accident.

Luthi most recently served as the Director of the Minerals Management Service (MMS) at DOI from July 2007 through January 2009. There Luthi oversaw offshore lease sales and collection and distribution to the States and Federal government of mineral revenues and royalties. He also oversaw the expansion of a renewable energy office at MMS, which manages development of wind, wave and current energy in the U.S. oceans.

Immediately before directing MMS, Luthi served as the Deputy Director of the Department's Fish and Wildlife Service (FWS).

In 2000, he started the law firm of Luthi & Voyles, LLC, in Thayne, Wyoming, which helped pay for his working ranch which consists of a cow/calf operation and the growing of hay and barley.

Luthi's career in the Wyoming House of Representatives began in 1995 with his name being drawn from a cowboy hat by Governor Mike Sullivan to declare him the victor in a tie vote. He served as Speaker of the House in 2005 and 2006.

OCS Five-Year Leasing Program

Issue

Section 18 of the Outer Continental Shelf Lands Act requires the Secretary of the Interior to prepare and maintain a five year schedule of lease sales that best meets national energy needs. The current program will be in place until 2017.

Background

In July 2007, the Minerals Management Service (MMS, now the Bureau of Ocean Energy Management, BOEM) issued its 2007-2012 final plan that included 21 lease sales, including two sales in areas previously under moratoria (the North Aleutian Basin off Alaska, a portion of the Eastern Gulf of Mexico south of the original Lease Sale 181 area) and one sale in an area that was still under moratoria (a triangle of acreage off the coast of Virginia.)

On January 16, 2009, MMS published its Draft Proposed Program for 2010-2015 which would supersede the current program. This plan included leasing in areas off of California, parts of the Eastern Gulf of Mexico and the Atlantic coast for the first time in over twenty-five years. In the spring of 2009, Secretary Salazar conducted listening sessions across the country on the proposed program.

On March 31, 2010 in a nationally televised announcement from Andrews Air Force Base, President Obama presented his Administration's vision for future offshore oil and gas leasing policy in the form of a revised 2007-2012 leasing plan comprised of these major components:

- Retained Mid-Atlantic Sale 220 offshore Virginia
- Cancelled five sales offshore Alaska
- Placed a Presidential Withdrawal on Bristol Bay until 2017
- Formally began the public scoping process to conduct a Programmatic Environmental Impact Statement (PEIS) for Atlantic seismic activities
- Formally began the public scoping process for a Draft Environmental Impact Statement (DEIS) for a Proposed 2012-2017 Five Year Program; to consider areas off the Atlantic Coast from Delaware to Florida, areas in the Chukchi and Beaufort Seas in Alaska for continued evaluation, and areas totaling 24 million additional acres in the Eastern Gulf of Mexico (beyond the 125-mile buffer zone established in the Gulf of Mexico Energy Security Act of 2007) for continued evaluation.

Status

The Macondo incident occurred on April 20, 2010, leading to a prolonged moratorium on activities in the Gulf of Mexico and causing the Obama Administration to reconsider their offshore leasing policy. Ultimately, Lease Sale 220 offshore Virginia was first postponed and then cancelled entirely when not included in the Final 2012-2017 Five Year Plan. Furthermore, none of the potential new areas originally proposed for consideration were included in the Final Plan.

The initial scoping process for the upcoming 2017-2022 Five Year Plan is expected to begin in 2014. NOIA is already actively working with our member companies, allied trades, federal and state legislators and other energy stakeholder groups to ensure BOEM undertakes a robust scoping process that includes all offshore planning areas for consideration. Furthermore, NOIA is actively working to ensure future Atlantic seismic data is allowed to feed into the development of the 2017-2022 plan so that future leasing decisions are guided by modern scientific data.

Briefing Document Presented by Spectrum Geo
OCS Governors Coalition: Industry Roundtable

Company Information:

Spectrum Geo Inc. is an established pure-play multi-client services company that serves a global clientele and has a regional office located in Houston, Texas. Spectrum provides innovative multi-client services and high quality seismic imaging from regional offices in the US, the UK, Norway, Singapore and Australia. Our multi-client data library specializes in regional coverage and includes projects from many of the foremost oil producing regions of the world. Spectrum's marine multi-client library of 2D data is the second-largest of its kind.

The company strategy focuses on both the major, established hydrocarbon-producing regions of the world in addition to key frontier areas identified by an experienced team of geoscientists. Data comprises new acquisition, reprocessing and interpretation reports. We carefully select new projects to ensure they are relevant to future hydrocarbon exploration and our multi-client department often works closely with local governments to commission new surveys or reprocess archived data to successfully rejuvenate exploration interest within a region.

Spectrum is also a member of the International Association of Geophysical Contractors, a global trade association representing our industry.

Richie Miller, President:

Mr. Miller brings has over 22 years of experience within the seismic industry. He joined Spectrum from CGG Veritas where he held the position as Director of Marketing & Business Development. During that time, he was responsible for developing the data library, identifying new opportunities and general business development of the US and South American libraries. His other positions with other global companies included Marine Acquisition Manager, Senior Geophysicist and Director of Geology & Geophysics. Mr. Miller is based in the Houston office.

Spectrum Presence in OCS Governors States:

Spectrum holds seismic date in the Gulf of Mexico off the coasts of Louisiana, Mississippi, Alabama and Florida and also holds data off the Eastern seaboard all the way from Florida up through Maine. In addition, Spectrum holds data off the coast of Alaska in the Chukchi and Bering Seas.

Important Take-Aways:

- Spectrum is dedicated to supporting its operations in both the Atlantic and Gulf of Mexico. We are committed to assisting and providing oil and gas producers with the necessary data they need to commence drilling activating. In the Atlantic, we need to better understand how much resources exist in these areas but we can only do it with modern seismic data which we do not have at this time. The last surveys were conducted over 30 years ago.

- Spectrum Existing resource estimates for the Atlantic OCS are 3.3 billion barrels of oil and 31.3 trillion cubic feet of natural gas. While these are impressive estimates, it is widely believed that modern seismic imaging using the latest technology will show much greater resources. It will also be able to pinpoint where the most abundant resources are likely located.

- Spectrum was the first company to file for a seismic permit to acquire data off the US Atlantic coast. As a result, Spectrum is in a position to be the first seismic permit filed and approved by the BOEM. It is Spectrum's intention to file for this permit April 1, 2014 with seismic data acquisition commencement in 2015. This project represents a significant capital expenditure. Any delay causes our company missed opportunities; when budget dollars are not put to work creating new seismic due to lack of access.

Contact information:

Richie Miller
President
Spectrum Geo Inc.
16225 Park Ten Place
Suite 300
Houston, TX 77079
Main: +1 281 647 0602
Cell Phone No. Redacted

Eddie Pharr
VP, Business Development
Spectrum Geo Inc.
16225 Park Ten Place
Suite 300
Houston, TX 77079
Main: +1 281 698-8864
Cell Phone No. Redacted

Offshore Wind and Renewable Energy Briefing

OCS Governors Coalition, Industry Roundtable | Oct 15, 2013 | Biloxi, MS

Company & Executive Background

SOUTHEASTERN COASTAL WIND COALITION

The **Southeastern Coastal Wind Coalition** (SECWC) is a non-profit coalition of business, industry, utilities, universities, economic developers, and other stakeholders. Our mission is to advance the coastal and offshore wind industry in ways that result in net economic benefits to industry, utilities, ratepayers, and citizens of the Southeast. We focus on collaborative efforts throughout **VA, NC, SC, GA, and FL** and our staff are based in Raleigh, NC.

Brian O'Hara is the President and Founder of the Southeastern Coastal Wind Coalition. Brian has extensive experience in offshore energy, project development, project management, engineering, and finance. He began his career as an engineer with ExxonMobil on deep water, offshore oil & gas operations in West Africa. He has also led development teams and finance efforts in the U.S. real estate industry, gaining a depth of experience in permitting and environmental studies. Brian holds an MBA and an MS in manufacturing systems engineering from Stanford University as well as a BS in mechanical engineering from Georgia Tech where he graduated in the top 0.25% of the university.

Some Key Information

- **Industry Snapshot** – As of Q2 2013, Europe had 6,040 megawatts of offshore wind installed across 58 wind farms in 10 countries. China is gaining market share. The U.S. currently has no offshore wind turbines installed but we should see construction begin on up to three projects in 2014 (MA, RI, and NJ). The first offshore turbines were installed in 1991, growth began in 1999, and the global offshore wind market is estimated to be $28 billion per year by 2020. Wave, tidal, and current energy have largely focused on technology demonstration rather than commercial deployment.
- **Cost Advantages** – NC (#1) and TX (#2) have the lowest estimated construction costs for offshore wind in the U.S. The four lowest cost states on the East Coast are NC, GA, SC, and VA. This is a significant advantage for both development (lower cost energy) and for attracting manufacturing and supply chain companies. (data source: U.S. Energy Information Administration)
- **Economic Development** - Establishing the offshore wind industry supply chain and manufacturing base represents a once-in-a-generation economic development opportunity for coastal states with good port and transportation infrastructure. Being "on the map" for early industry siting decisions is critical since it is likely one or more "hubs" will develop around key facilities along the East Coast. Leadership by Governors is key here.
- **Jobs** – Clemson University estimated that a 1,000 MW offshore wind farm (<0.2% of Southeast potential) would result in over 3,800 jobs per year, $3.6 billion in economic output, and $600 million in state and local revenue to South Carolina over a ten year period. National estimates are for 170,000 FTE jobs by 2030 in a "moderate" growth scenario and 350,000 FTEs in a "high" growth scenario (U.S. DOE study)

- **Energy Value** – Offshore and coastal wind tends to be coincident with load. That means energy is often generated when utilities need it most, including during "peak" summer demand. Also, because there are no fuel costs or emissions, wind offers long-term stable prices and a financial hedge against rising fuel costs and future pollution regulations or carbon pricing.
- **"All-of-the-Above"** – Offshore wind and oil & gas development are <u>not</u> mutually exclusive and generally would occur in different parts of the ocean. Some aspects of the supply chain infrastructure are complementary (e.g. fabrication, ops & maintenance, vessels)
- **Knowledge Gaps** – There are some knowledge gaps that need to be addressed in order to fully understand the costs and benefits, including (1) any positive and negative effects on coastal tourism; (2) actual energy and construction costs; (3) transmission and grid integration options; and (4) hurricane resilience.

Recommendations

1. **Regional Collaboration** – No single state has everything the industry needs. Multi-state collaborations are a more credible and lower cost approach that will better position states to attract industry jobs.
2. **Utility-Led Demonstration Project** (for <u>Southeast</u> states) – Allow utilities, via legislation or utility commission action, to "rate base" an investment in a multi-utility, multi-state R&D/demo project. That would close knowledge gaps, validate SE cost advantages, and attract industry attention, all at very low cost and risk.
3. **Tell the Story** – Visibly including wind in an "all of the above" offshore energy plan significantly broadens the support base. Signal to industry, via public statements, executive orders, and private meetings, that the region is evaluating the costs and benefits of a long-term development plan of 10,000 MW by 2030.
4. **Jointly Pursue Federal Funding** – Join with neighboring states to pursue federal funding for baseline environmental studies, geotechnical work, or R&D project funding. Benefits could also apply to oil & gas activities and include lowering project risk, addressing knowledge gaps, and accelerating deployment. Dept. of Interior and Dept. of Energy are two possible sources.

Contact Information

Brian O'Hara, President
Southeastern Coastal Wind Coalition
PO Box 27992, Raleigh, NC 27601
Cell Phone No. ReCell Phone No. Redacted 52-506-9463 (o)
briano@secoastalwind.org | www.secoastalwind.org

OCS Governors Coalition Luncheon
12:00pm CT ▪ Tuesday, October 15

Event: OCS Governors Coalition Luncheon
- Governors to Dine Separately at Stalla (Onsite restaurant at the Beau Rivage)
- Surrogates & staff to Dine at Azaelea A Ballroom

Time: 12:00pm – 1:00pm CT

Location: Beau Rivage Resort
875 Beach Blvd, Biloxi, MS 39530

Format: The governors-only lunch will be hosted in a private room at Stalla. Suggested agenda for staff and surrogate luncheon on the next page. Lunch to be served. Vegetarian options available.

Contact: Natalie Joubert
Cell Phone No. Redacted
njoubert@consumerenergyalliance.org

Kip Knudson
Cell Phone No. Redacted
kip.knudson@alaska.gov

Outer Continental Shelf (OCS) Governors Coalition

Biloxi Draft Luncheon Agenda

Beau Rivage Resort; Azalea A Ballroom; Biloxi, MS

Tuesday, October 15, 2013

12:00pm – 1:00pm

I. Welcome and Introductions by OCS Governors Coalition Chairman Governor Sean Parnell

   a. Review of Administrative Matters

      i. Payment of Dues

      ii. Possible addition of a Vice Chairman

      iii. Recruitment of New Coalition Members

II. Open Discussion

III. Discussion of Possible Action Items

IV. Discussion of Potential Next Meeting Opportunity

   a. National Governors' Association Winter Meeting (Friday, February 21, 2013 – Monday, February 24, 2013)

      i. Discussion of Submitting Meeting Request to Interior Secretary Sally Jewell

V. Concluding Remarks

OCS Governors Coalition Messaging
Economic Benefits for OCS Development

Resources:

1. Wood Mackenzie, "U.S. Supply Forecast and Potential Jobs and Economic Impacts (2012-2030)"; http://www.api.org/newsroom/upload/api-us_supply_economic_forecast.pdf
2. Northern Economics, "Potential National-Level Benefits of Alaska OCS Development"; http://www.northerneconomics.com/pdfs/ShellOCS/National%20Effects%20Report%20FINAL.pdf
3. American Petroleum Institute, State Facts Sheets; http://api.org/policy-and-issues/policy-items/jobs/energy-works
4. Quest, "U.S. Gulf of Mexico Oil and Natural Gas Industry Economic Impact Analysis"; http://issuu.com/oceanindustries/docs/gulf/1?e=8087554/2236456.
5. ICF International, "Strengthening Our Economy: The Untapped U.S. Oil and Gas Resources"; http://www.api.org/newsroom/upload/access_study_final_report_12_8_08.pdf.
6. American Petroleum Institute, "State of American Energy 2013"; http://www.api.org/~/media/Files/Policy/SOAE-2013/SOAE-Report-2013.pdf

Production Data:

*Data from the U.S. Energy Information Administration
http://www.eia.gov/dnav/ng/hist/n9010fx2a.htm; http://www.eia.gov/petroleum/data.cfm#crude

Federal Offshore Production of Crude Oil (thousand barrels per day)

OCS Region	2004	2005	2006	2007	2008	2009	2010	2011	2012
Gulf (PADD III)	1,462	1,279	1,293	1,282	1,157	1,562	1,544	1,316	1,260
Alaska (PADD V)	75	73	71	67	66	61	59	54	48
TOTAL	1,537	1,352	1,364	1,349	1,223	1,623	1,603	1,370	1,308

Federal Offshore Production of Natural Gas (billion cubic feet per day)

OCS Region	2004	2005	2006	2007	2008	2009	2010	2011	2012
Gulf (PADD III)	4,000	3,150	2,914	2,813	2,329	2,444	2,259	1,830	1,558

Economic Benefit Highlights

Arctic:

- An estimated 54,700 new jobs would be created by OCS-related development across the United States and sustained for 50 years. These jobs would result in an estimated $63 billion in payroll paid to employees in Alaska and an additional $82 billion in payroll paid to employees elsewhere in the United States. (Northern Economics)
- Federal, state and local governments would receive $193 billion in revenues, including $167 billion to the federal governments. (Northern Economics)

Atlantic:

- Atlantic OCS development is projected to reach over 1.5 million barrels of oil equivalent per day 11 years after initial production. (Wood Mackenzie)
- Atlantic OCS development is projected to support over 160,000 jobs 15 years after initial lease sales, fluctuating between 140,000 and 160,000 jobs thereafter. (Wood Mackenzie)
- Lease sales could generate $8 billion in government revenue over 16 years. (Wood Mackenzie)
- Atlantic oil and natural gas leasing could create more than 6,700 new jobs in North Carolina and add $659 million annually to the state's gross domestic product. (ICF)
- Atlantic oil and natural gas leasing could create more than 1,900 new jobs in Virginia and add $365 million annual to the state's gross domestic product. (ICF)

Eastern Gulf of Mexico:

- Eastern GOM resource development is projected to support over 160,000 jobs 18 years after initial lease sales. (Wood Mackenzie)
- Eastern GOM lease sales could generate $16 billion in government revenue over 16 years. Cumulative government revenue, including lease, royalty and federal income tax revenue is projected to be over $140 billion 18 years after initial lease sales, reaching approximately $17 billion per year the final year and growing. (Wood Mackenzie)

Gulf of Mexico - Current Economic Impact

- Employment (direct and indirect) in the Gulf (Texas, Louisiana, Mississippi, and Alabama) related to the Gulf of Mexico oil & gas industry was 175,000 in 2010. (Quest)
- Supported employment levels could exceed 320,000 in the four Gulf States by 2013 if more efficient permitting lead to increased activity. (Quest)

Industry-Wide

- For each direct job offshore, the industry supports three indirect and induced jobs onshore. (Quest)
- In 2010, the offshore oil & gas industry's expenditures and operating expenses were more than $25 billion. (Quest)
- The oil and gas industry spent $156 billion investing in America's infrastructure, accounting for almost 14% of all industries' U.S. capital expenditures from 2008-2013. (IHS)
- The oil & gas industry pays $86 million per day to the federal Treasury (rents, royalties, bonus, taxes), and pays an effective tax rate of 44.3%, higher than any other industry.(API, State of American Energy)

OFFSHORE-RELATED LEGISLATIVE ACTIVITY
113th CONGRESS

I. ACCESS AND REVENUE-SHARING
II. STATE JURISDICTION
III. OIL SPILLS/OIL SPILL LIABILITY
IV. TAX & FISCAL TERMS
V. MISCELLANEOUS

I. ACCESS AND REVENUE-SHARING

"Offshore Energy and Jobs Act" (H.R. 2231)

- Introduced in House on June 4 and passed by the House 235-186 on June 28; received in Senate and referred to Energy and Natural Resources Cmte. on July 8
- Sponsored by Rep. Doc Hastings (R-WA); co-sponsored by Rep.'s Dan Benishek (R-MI), Kevin Cramer (R-ND), Steve Daines (R-MT), Jeff Duncan (R-SC), Bill Flores (R-TX), Doug LaMalfa (R-CA), Doug Lamborn (R-CO), Tom McClintock (R-CA), Markwayne Mullin (R-OK), Chris Stewart (R-UT), and Robert Wittman (R-VA)
- Among other things, this legislation would do the following:
    - Require that all future OCS 5-Year Leasing Plans include lease sales that cover at least 50% of the available unleased acreage in each OCS planning area considered to have the largest undiscovered, technically recoverable oil and gas resources (estimated to contain 2.5 billion barrels of oil or 7.5 trillion cubic feet of natural gas)
    - Requires Interior Secretary to include areas requested by State Governors in any environmental review conducted or statement prepared for the leasing program under the National Environmental Policy Act
    - Require the Interior Secretary to issue a new proposed 2015-2020 OCS 5-Year Leasing Plan by July 15, 2014, approving a Final 2015-2020 Plan by July 15, 2015
    - Require the Interior Secretary to conduct previously-canceled Lease Sale 220 offshore Virginia within 1 year of enactment
    - Require the Interior Secretary to conduct a lease sale for areas located in federal waters offshore South Carolina within 2 years of enactment
    - Require the Interior Secretary to conduct a lease sale for areas located in the Santa Maria and Santa Barbara/Ventura Basins of the Southern California OCS Planning Area by the end of 2014 (development and production could occur only from existing offshore infrastructure or from onshore-based, extended-reach drilling)
    - Requires the Interior Secretary to determine a domestic strategic production goal for oil and natural gas development in all future OCS 5-Year Leasing Plans
    - Gulf of Mexico States would continue to receive 37.5% of revenue from new leases pursuant to the Gulf of Mexico Energy Security Act; after a phase-in, would extend 37.5% revenue-sharing percentage to coastal states outside the Gulf of Mexico where energy production is taking place in adjacent federal waters (VA, SC, and CA lease sales required under the legislation would be exempt)
    - Raises offshore energy revenue sharing cap as provided by the Gulf of Mexico Energy Security Act of 2006 to $999 million for each fiscal year from 2024-2055

- Within 60 days of enactment, requires the Interior Secretary to issue rules providing more clarity, certainty, and stability to the revenue streams contemplated by the Gulf of Mexico Energy Security Act of 2006
- Requires a Record of Decision on the Atlantic Geological & Geophysical Programmatic Final Environmental Impact Statement by Dec. 31, 2013
- Precludes newly-established Bureau of Ocean Energy and Offshore Energy Safety Service from taking part in the application of any new limitations on activities under their jurisdiction as a result of Coastal and Marine Spatial Planning under the National Ocean Policy
- Establishes nonrefundable inspection fee regime
- Requires reorganization of Interior Department agencies and establishment of Outer Continental Shelf Energy Safety Advisory Board
- Amends the Outer Continental Shelf Lands Act to specify its applicability to the Exclusive Economic Zone and Continental Shelf adjacent to any territory of the United States

<u>"Fixing America's Inequities with Revenues (FAIR) Act of 2013" (S. 1273)</u>

- Introduced in Senate and referred to Energy & Natural Resources Cmte. on July 10; Senate Cmte. held July 23 hearing (FAIR Act was previously introduced in Senate on March 20 as S. 630)
- Sponsored by Sen. Lisa Murkowski (R-AK); co-sponsored by Sen.'s Mark Begich (D-AK), Heidi Heitkamp (D-ND), and Mary Landrieu (D-LA)
- Among other things, this legislation would do the following:
    - Provide 27.5% of revenue (other than leasing revenue) from offshore traditional and renewable energy development to coastal states (25% of which would go to coastal political subdivisions), and an additional 10% if the state creates a clean fund relating to alternative or renewable energy, energy research and development, energy efficiency, or conservation
    - Accelerate from 2017 to 2013 the date by which Gulf Coast producing states will begin to receive their 37.5% share of revenues from Western and Central Gulf of Mexico Planning Area leases offered since 2007
    - Gradually lift the statutory $500 million annual cap on revenues kept by Gulf Coast states, which is set to begin in 2015
    - Allow states to keep 50% of revenues generated from renewable energy production on onshore federal lands within their borders

<u>"Outer Continental Shelf Transboundary Hydrocarbon Agreements Authorization Act" (H.R. 1613/S. 812)</u>

- Introduced in House on April 18 and passed by the House 256-171 on June 27; received in Senate and referred to Energy & Natural Resources Cmte. as S. 812 on July 8; Cmte. held Oct. 1 hearing
- H.R. 1613 sponsored by Rep. Jeff Duncan (R-SC); co-sponsored by Rep. Mark Amodei (R-NV), Kerry Bentivolio (R-MI), Paul Broun (R-GA), Kevin Cramer (R-ND), Tom Graves (R-KS), Doc Hastings (R-WA), Doug Lamborn (R-CO), Michael McCaul (R-TX), Mark Meadows (R-NC), Markwayne Mullin (R-OK), Ted Poe (R-TX), Trey Radel (R-FL), Matt Salmon (R-AZ), Steve Stockman (R-TX), Ann Wagner (R-MO), Lynn Westmoreland (R-GA), and Joe Wilson (R-SC)
- S. 812 sponsored by Sen. Ron Wyden (D-OR); co-sponsored by Sen. Lisa Murkowski (R-AK)

- Approves U.S.-Mexico agreement on transboundary hydrocarbon reservoirs in Gulf of Mexico; authorizes Interior Secretary to take certain actions to implement the agreement, including approval of unitization agreements and related arrangements for the exploration, development, or production of oil and gas from transboundary reservoirs and geologic structures; authorizes Interior Secretary to implement any transboundary hydrocarbon management agreement entered into by President and approved by Congress (setting forth procedures for submitting such agreements to Congress)

"Virginia Outer Continental Shelf Energy Production Act of 2013" (S. 1024)

- Introduced in Senate and referred to Energy & Natural Resources Cmte. on May 22
- Sponsored by Sen. Mark Warner (D-VA); co-sponsored by Sen. Tim Kaine (D-VA)
- Requires Interior Secretary to include Lease Sale 220 offshore Virginia in 2012-2017 5-Year Leasing Program schedule; tracts that are determined to conflict with national security-related military operations would be unavailable for leasing; 50% of qualified revenues would be deposited into special account for disbursement to Virginia and for designated state activities

"Virginia Jobs and Energy Act" (H.R. 1782)

- Introduced in House and referred to House Cmte. on Natural Resources on April 26; referred to Natural Resources Subcmte. on May 7
- Sponsored by Rep. Scott Rigell (R-VA); co-sponsored by Rep.'s Morgan Griffith (R-VA), Robert Hurt (R-VA), and Robert Wittman (R-VA)
- Requires Lease Sale 220 offshore Virginia to be held within 1 year of enactment, with at least 1 lease sale in Virginia lease sale planning area in each future 5-year leasing program; allocates 37.5% of new leasing revenues under such leases to DE, NC, MD, and VA and sets forth allocation schedule; prohibits oil and gas activity offshore Virginia that would conflict with a military operation; exempts offshore meteorological site testing and monitoring projects from NEPA environmental impact statement requirements; requires permits and rights of way for such projects (with decisions required within 30 days of receipt of application)

"South Carolina Offshore Drilling Act of 2013" (H.R. 771)

- Introduced in House and referred to Natural Resources Cmte. on Feb. 15; referred to Natural Resources Subcmte. on March 1
- Sponsored by Rep. Jeff Duncan (R-SC); co-sponsored by Rep.'s Dan Benishek (R-MI), Trey Gowdy (R-SC), Mick Mulvaney (R-SC), Tom Rice (R-SC), and Joe Wilson (R-SC)
- When determining areas offshore South Carolina that would be made available for leasing under 2012-2017 OCS Program, requires consideration of South Carolina's laws, goals, and policies and a focus on areas considered to have the most geologically promising energy resources

S. 176 (Requiring new 5-Year OCS Leasing Program)

- Introduced in Senate and referred to Energy and Natural Resources Cmte. on Jan. 29
- Sponsored by Sen. David Vitter (R-LA); co-sponsored by Sen.'s John Cornyn (R-TX) and Jeff Sessions (R-AL)

- Approves as final the draft Proposed 2010-2015 OCS Leasing Program (excludes Lease Sales 214 (North Aleutian Basin), 232 (North Atlantic), and 239 (North Aleutian Basin) and GOM area under moratorium in program for FY 2013-2018)

"Infrastructure Jobs and Energy Independence Act" (H.R. 787)

- Introduced in House and referred to Cmtes. on Natural Resources, Judiciary, Energy & Commerce (and E&C Subcmte.), Rules, Budget, and Transportation & Infrastructure on Feb. 15; referred to T&I Subcmtes. on Feb. 19, Natural Resources Subcmte. on March 1, and Judiciary Subcmte. on April 8
- Sponsored by Rep. Tim Murphy (R-PA); co-sponsored by Rep.'s Michael Fitzpatrick (R-PA), Billy Long (R-MO), and Erik Paulsen (R-MN)
- Approves as final the draft Proposed 2010-2015 OCS Leasing Program; requires lease sale in every OCS planning area with commercial interest in purchasing oil and gas production leases; repeals moratorium that covers a portion of Central GOM and most of the Eastern GOM planning areas, requiring a final leasing plan for all Eastern GOM areas with commercial interest; extends coastal states' allowable seaward boundary from 3 geographic miles to 9 nautical miles; establishes revenue-sharing provisions for new leases, including 30% for producing states; requires prompt offshore energy resource inventory (including through geological and geophysical exploration) in every Atlantic and Pacific OCS planning area; requires certain OCS oil and gas production regulations (including regulation of surface facility installation); authorizes national interest presidential waiver of requirements for oil and gas activity approvals

"Energy Production and Project Delivery Act of 2013" (S. 17)

- Introduced in Senate and referred to Energy & Natural Resources Cmte. on Feb. 27
- Sponsored by Sen. David Vitter (R-LA); 23 Republican co-sponsors
- Approves as final the draft Proposed 2010-2015 OCS Leasing Program (excludes Lease Sales 214 (North Aleutian Basin), 232 (North Atlantic), and 239 (North Aleutian Basin) and GOM area under moratorium in program for FY 2013-2018); requires Lease Sale 220 offshore Virginia within 1 year of enactment; requires lease sales in every OCS planning area where there is commercial interest in purchasing oil and gas production leases; requires decision on drilling permit applications within 20 days of submission; revises requirements for distribution of revenues from OCS planning areas and for their allocation among coastal state for FY2024 and beyond

"Maximize Offshore Resource Exploration Act of 2013" (H.R. 1165)

- Introduced in House and referred to Cmtes. on Natural Resources, Budget, and Rules on March 14; referred to Natural Resources Subcmte. on March 25
- Sponsored by Rep. Ken Calvert (R-CA); co-sponsored by Rep.'s John Carter (R-TX), Robert Latta (R-OH), Howard McKeon (R-CA), Gary Miller (R-CA), and Devin Nunes (R-CA)
- Revokes all withdrawals of federal submerged lands from oil and gas leasing; nullifies all prohibitions on spending federal funds to conduct preleasing and leasing activities for any area in the OCS; prohibits leasing any area within 25 miles of a state coastline without a state law approving the issuance of such leases; provides 75-90% of oil and gas royalty-derived revenues to adjacent states; extends state law jurisdiction to Alaska, Pacific, GOM, and Atlantic OCS

Region State Adjacent Zones and OCS Planning Areas; directs 5-12.5% of oil and gas royalty-derived federal revenues to a "Renewable Energy Reserve"

"Energy Production and Project Delivery Act of 2013" (H.R. 1881)

- Introduced in House and referred to Cmtes. on Natural Resources, Energy & Commerce, Transportation & Infrastructure, and Judiciary on May 8; referred to T&I Subcmte. on May 9, Energy & Commerce Subcmte. on May 10, Natural Resources Subcmtes. on May 15, and Judiciary Subcmte. on June 14
- Sponsored by Rep. Rob Bishop (R-UT)
- Approves as final the draft Proposed 2010-2015 OCS Leasing Program (excludes Lease Sales 214 (North Aleutian Basin), 232 (North Atlantic), and 239 (North Aleutian Basin) and GOM area under moratorium in program for FY 2013-2018); requires Lease Sale 220 offshore Virginia within 1 year of enactment; requires lease sales in every OCS planning area where there is commercial interest in purchasing oil and gas production leases; requires decision on drilling permit applications within 20 days of submission; revises requirements for distribution of revenues from OCS planning areas and for their allocation among coastal state for FY2024 and beyond; prohibits aware of federal payment of legal fees to ENGO's in connection with actions that prevent, terminate, or reduce access to energy production or eliminate or prevent one or more jobs; amends Antiquities Act to require congressional approval of national monument designations on federal lands

"No More Excuses Energy Act of 2013" (H.R. 2081)

- Introduced in House and referred to Cmtes. on Natural Resources, Ways & Means, and Energy & Commerce on May 21; referred to Energy & Commerce Subcmte. on May 24 and Natural Resources Subcmte. on June 3
- Sponsored by Rep. Mac Thornberry (R-TX)
- Repeals GOM moratorium (which excluded most of Eastern GOM planning area and portion of Central GOM planning area); requires amendment of 2012-2017 OCS Leasing Program to make available for leasing all OCS areas in the Arctic, Atlantic, Pacific, and Eastern GOM (including all areas that were previously excluded under the moratorium)

"More Energy More Jobs Act" (H.R. 2265)

- Introduced in House and referred to Natural Resources Cmte. on June 5; referred to Natural Resources Subcmte. on June 10
- Sponsored by Rep. Kevin Brady (R-TX); co-sponsored by Rep.'s Joe Barton (R-TX), Rob Bishop (R-UT), Steve Chabot (R-OH), Tom Cole (R-OK), Trent Franks (R-AZ), Andy Harris (R-MD), Mark Meadows (R-NC), Stevan Pearce (R-NM), Joseph Pitts (R-PA), John Shimkus (R-IL), Chris Stewart (R-UT), Tim Walberg (R-MI), and Robert Wittman (R-VA)
- Instructs Interior Secretary to issue new 5-Year OCS oil and gas leasing program within 2 years of enactment, at which time the 2012-2017 program would be terminated; as to development of new 5-year leasing program, requires Interior Secretary to allow coastal state governors to nominate for leasing any OCS areas that are adjacent to state waters—each such nominated area must be included in the draft leasing program, and the leasing of such areas must be considered as an alternative federal action; areas nominated by coastal state governors must be

included in the final program in the absence of a Secretarial determination that the impacts of development cannot be effectively mitigated and development is not in the national interest; requires that available resource estimates be included in the program, and that resource estimates be developed for areas for which such data are not available

"American-Made Energy and Infrastructure Jobs Act" (H.R. 2784)

- Introduced in House and referred to Cmtes. on Natural Resources, Ways & Means, Transportation & Infrastructure, and Energy & Commerce on July 22; referred to T&I Subctmes. on July 23 and Natural Resources and Energy & Commerce Subcmtes. on July 26
- Sponsored by Rep. Steve Stivers (R-OH); co-sponsored by Rep. Cedric Richmond (D-LA)
- Requires Lease Sale 220 offshore Virginia to be held within 1 year of enactment; requires lease sale offshore South Carolina within 2 years of enactment; requires lease sale of tracts in the Santa Maria and Santa Barbara/Ventura Basins of the Southern California OCS Planning Area by the end of 2014 (development and production restrict to offshore infrastructure in existence at the time or enactment or from onshore-based, extended-reach drilling); requires multi-sale Environmental Impact Statement that includes a preferred action and no more than 1 alternative leasing proposal; requires development of new 5-Year OCS leasing program through 2020 that must be final by July 15, 2015; in developing future 5-Year OCS leasing programs, Interior Secretary must determine a domestic strategic production goal for oil and gas development for each program meeting certain threshold requirements); each program must make available for leasing at least 50% of available unleased acreage within each OCS planning area considered to have the largest undiscovered, technically recoverable oil and gas resources (any OCS planning areas estimated to contain more than 2.5 billion barrels of oil or more than 7.5 trillion cubic feet of natural gas must be made available for leasing); requires establishment of OCS Energy Safety Advisory Board and OCS inspection fee regime; accelerates Phase II GOMESA revenue-sharing, and, after a phase in, extends 37.5% revenue-sharing rate to other coastal states with energy production off their shores; applies OCSLA to U.S. territories; reorganizes Interior Department agencies

"Deficit Reduction, Job Creation, and Energy Security Act" (H.R. 70)

- Introduced in House and referred to Cmtes. on Natural Resources, Science, Space & Technology, and Transportation & Infrastructure on Jan. 3; referred to T&I Subcmte. on Jan. 4, Natural Resources Subcmtes. on Jan. 31, and Science, Space & Technology Subcmte. on Feb. 4
- Sponsored by Rep. Sheila Jackson Lee (D-TX)
- Between 2012-2017, requires offshore lease sales for an additional 10% of the acreage already proposed for leasing in the 5-Year Plan; authorizes Interior Secretary to reinstate expired Gulf of Mexico producible leases upon petition by prior leaseholder

"Alaska Adjacent Zone Safe Oil Transport and Revenue Sharing Act" (S. 199)

- Introduced in Senate and referred to Energy and Natural Resources Cmte. on Jan. 31
- Sponsored by Sen. Mark Begich (D-AK)
- Requires oil produced from federal leases in the Chukchi, Beaufort, and Hope Basin Planning Areas to be transported by pipeline to onshore facilities; requires Interior Secretary to issue permits for the transportation of oil from federal Arctic leases in preproduction phases by

means other than pipeline; mandates that Alaska receive 37.5% of all federal revenues obtained from energy development in any area of Alaska Adjacent Zone (and sets forth allocation scheme)

"West Coast Ocean Protection Act of 2013" (S. 45)

- Introduced in Senate and referred to Energy and Natural Resources Cmte. on Jan. 22
- Sponsored by Sen. Barbara Boxer (D-CA); co-sponsored by Sen.'s Maria Cantwell (D-WA), Dianne Feinstein (D-CA), Jeff Merkley (D-OR), Patty Murray (D-WA), and Ron Wyden (D-OR)
- Prohibits leasing for oil and gas exploration, development, or production in federal waters offshore California, Oregon, and Washington

H.R. 1011 (Prohibition on oil and gas leasing offshore New Jersey)

- Introduced in House and referred to Natural Resources Cmte. on March 6; referred to Natural Resources Subcmte. on March 12
- Sponsored by Rep. Frank LoBiondo (R-NJ); co-sponsored by Rep.'s Rodney Frelinghysen (R-NJ), Leonard Lance (R-NJ), and Chris Smith (R-NJ)
- Prohibits oil and gas leasing, permitting, or licensing in federal waters located within 125 miles of New Jersey coastline

"California Ocean and Coastal Protection Act" (H.R. 2486)

- Introduced in House and referred to Natural Resources Cmte. on June 25; referred to Natural Resources Subcmte. on June 27
- Sponsored by Rep. Lois Capps (D-CA); co-sponsored by Rep.'s Sam Farr (D-CA), Jared Huffman (D-CA), and Alan Lowenthal (D-CA)
- Prohibits oil and gas preleasing, leasing, and related activities in federal waters offshore California

II. STATE JURISDICTION

"Offshore Fairness Act" (H.R. 1430)

- Introduced in House and referred to Cmtes. on Natural Resources and Judiciary on April 9; referred to Natural Resources Subcmte. on April 15 and Judiciary Subcmte. on April 30
- Sponsored by Rep. Bill Cassidy (R-LA); co-sponsored by Rep. Scott Austin (R-GA)
- Extends seaward boundaries of AL, FL, GA, LA, MS, NC, SC, and VA from 3 geographic miles to 9 nautical miles from coastline; declares submerged land within the seaward boundaries of such states (as extended) to be subject to federal oil and gas mineral rights and to be a part of the OCS for purposes of OCSLA, GOMESA, and other oil and gas leasing-related laws

"Offshore Fairness Act" (S 681)

- Introduced in Senate and referred Energy & Natural Resources Cmte. on April 9
- Sponsored by Sen. David Vitter (R-LA)

- Extends seaward boundaries of AL, FL, GA, LA, MS, NC, SC, and VA from 3 geographic miles to 9 nautical miles from coastline; declares submerged land within the seaward boundaries of such states (as extended) to be subject to federal oil and gas mineral rights and to be a part of the OCS for purposes of OCSLA, GOMESA, and other oil and gas leasing-related laws

III. OIL SPILLS/OIL SPILL LIABILITY

"SAFEGUARDS Act of 2013" (H.R. 1820)

- Introduced in House and referred to Natural Resources and Transportation & Infrastructure Cmtes. on April 26; referred to Transportation & Infrastructure Subcmtes. on April 29 and Natural Resources Subcmte. on May 6
- Sponsored by Rep. Bill Young (R-FL)
- Conditions Interior Department's issuance of permits or other authorizations for exploration or production under an OCS lease on Homeland Security Secretary approval of an oil spill response plan that complies with the Clean Water Act's National Response System; extends review time of submitted exploration plans from 30 to 90 days (with option for 60-day extension); prohibits applicability of NEPA categorical exclusions to exploration plans; requires regulations mandating that worst case discharge response plans be approved by Homeland Security Secretary and requiring such plans to address response to uncontrolled or uncontained well discharges

"Big Oil Bailout Prevention Act of 2013" (H.R. 1743)

- Introduced in House and referred to Transportation & Infrastructure Cmte. on April 25; referred to T&I Subcmte. on April 26
- Sponsored by Rep. Rush Holt (D-NJ); co-sponsored by Rep.'s Lois Capps (D-CA), Kathy Castor (D-FL), Gerald Connolly (D-VA), Raul Grijalva (D-AZ), Edward Markey (D-MA), Jared Polis (D-CO), and Louise Slaughter (D-NY)
- Removes liability limits for responsible parties for an offshore facility (except deepwater ports) from which oil is discharged into or upon navigable waters or adjoining shorelines

"Big Oil Bailout Prevention Unlimited Liability Act of 2013" (S. 828)

- Introduced in Senate and referred to Environment and Public Works Cmte. on April 25
- Sponsored by Sen. Robert Menendez (D-NJ); co-sponsored by Sen.'s Richard Durbin (D-IL), Frank Lautenberg (D-NJ), Bill Nelson (D-FL), Jack Reed (D-RI), and Sheldon Whitehouse (D-RI)
- Removes oil spill liability limits for offshore facilities

"Gulf Coast Oil Recovery Zone Tax Relief and Economic Recovery Act" (S. 1506)

- Introduced in Senate and referred to Finance Cmte. on Sept. 17
- Sponsored by Sen. Roger Wicker (R-MS); co-sponsored by Sen. Mary Landrieu (D-LA)
- Provides tax relief for individuals affected by the Deepwater Horizon (DWH) spill by prohibiting IRS from counting as income DWH spill-related insurance or Oil Pollution Act payments or proceeds that are invested in start-up expenditures or tangible property for commercial or charter fishing businesses and hotel, lodging, recreation, entertainment, and restaurant businesses that are located in 8 counties in Florida, 3 counties in Mississippi, 2 counties in

Alabama, and 11 parishes in Louisiana; to qualify, investments must be made within 5 years of the later of receipt of the payment or the bill's enactment

IV. TAX & FISCAL TERMS

"Balancing Act" (H.R. 505)

- Introduced in House on Feb. 3 and referred to Cmtes. on Armed Services, Budget, Education & the Workforce, Financial Services, Oversight & Government Reform, Transportation & Infrastructure, and Ways & Means; referred to T&I Subcmtes. on Feb. 6 and Education & the Workforce Subcmtes. on April 23
- Sponsored by Rep. Keith Ellison (D-MN); co-sponsored by Rep.'s Donna Christensen (D-VI), Judy Chu (D-CA), Yvette Clarke (D-NY), William Lacy Clay (D-TN), John Conyers, Jr. (D-MI), Alan Grayson (D-FL), Raul Grijalva (D-AZ), Luis Gutierrez (D-IL), Eddie Bernice Johnson (D-TX), Barbara Lee (D-CA), Edward Markey (D-MA), Jim McDermott (D-WA), Jerrold Nadler (D-NY), Eleanor Holmes Norton (D-DC), Janice Schakowsky (D-IL), and Frederica Wilson (D-FL)
- Repeals tax deduction for income related to domestic oil and natural gas production; denies use of last-in, first-out inventory accounting for oil and gas companies; increases Oil Spill Liability Trust Fund financing rate to 8-10 cents/barrel; denies tax deduction for expenses for removal costs and damages for certain oil spill liability; imposes 13% tax on removal of any taxable crude oil or natural gas from Outer Continental Shelf lands (with credit for federal royalty payments); increases amortization period for geological and geophysical expenditures to 7 years

"Permanent Repeal of Oil Subsidies Act" (H.R. 601)

- Introduced in House on Feb. 8 and referred to Cmtes. on Natural Resources and Ways & Means; referred to Natural Resources Subcmte. on Feb. 21
- Sponsored by Rep. Edward Markey (D-MA); co-sponsored by Rep.'s Earl Blumenauer (D-OR), Judy Chu (D-CA), John Conyers, Jr. (D-MI), Keith Ellison (D-MN), Rush Holt (D-NJ), William Keating (D-MA), Daniel Kildee (D-MI), and Niki Tsongas (D-MA)
- Requires establishment of graduated annual production incentive fee for federal lands and waters subject to non-producing oil and gas production lease; prohibits issuance of new Gulf of Mexico leases to those who refuse to renegotiate existing leases to require royalty payments if oil and gas prices reach certain thresholds; requires rent/royalty revenue to be used for federal budget deficit or debt reduction; requires collection of nonrefundable facility inspection fees from OCS facility operators; requires 7-year amortization of geological and geophysical expenses for major integrated oil companies or oil company with annual gross receipts >$50 million; for companies with annual gross receipts >$50 million, repeals tax credits for producing oil and gas from marginal wells, expensing of intangible drilling and development costs for gas wells, percentage depletion, qualified tertiary injectant expenditure tax deduction, and exemption from limitations on passive activity losses; for major integrated oil companies, repeals tax deduction for income attributable to domestic production activities and prohibits use of last-in, first-out accounting method

"Job Preservation and Economic Certainty Act of 2013" (S. 277)

- Introduced in Senate and referred to Finance Cmte. on Feb. 11

- Sponsored by Sen. Sheldon Whitehouse (D-RI); co-sponsored by Sen.'s Tom Harkin (D-IA), Carl Levin (D-MI), and Bernard Sanders (I-VT)
- For major integrated oil companies, repeals tax deduction for income attributable to oil and gas production, transportation, or distribution, tax deduction for intangible drilling and development costs, percentage depletion allowance for oil and gas wells, and tax deduction for qualified tertiary injectant expenses; repeals royalty relief for both natural gas production from deep wells in shallow water GOM and deepwater oil and gas production in Western and Central GOM (including portion of Eastern GOM that it not under a moratorium)

"Job Preservation and Sequester Replacement Act of 2013" (S. 278)

- Introduced in Senate and referred to Finance Cmte. on Feb. 11
- Sponsored by Sen. Sheldon Whitehouse (D-RI); co-sponsored by Sen.'s Tom Harkin (D-IA), Frank Lautenberg (D-NJ), Carl Levin (D-MI), Jeff Merkley (D-OR), Bernard Sanders (I-VT), Brian Schatz (D-HI), and Elizabeth Warren (D-MA)
- For major integrated oil companies, repeals tax deduction for income attributable to oil and gas production, transportation, or distribution, tax deduction for intangible drilling and development costs, percentage depletion allowance for oil and gas wells, and tax deduction for qualified tertiary injectant expenses; repeals royalty relief for both natural gas production from deep wells in shallow water GOM and deepwater oil and gas production in Western and Central GOM (including portion of Eastern GOM that it not under a moratorium)

"End Big Oil Tax Subsidies Act of 2013" (H.R. 609)

- Introduced in House and referred to Ways and Means Cmte. on Feb. 12
- Sponsored by Rep. Earl Blumenauer (D-OR); 37 Democrat co-sponsors
- Requires 7-year amortization of geological and geophysical expenses for major integrated oil companies or oil company with annual gross receipts >$50 million; for companies with annual gross receipts >$50 million, for non small, independent oil and gas companies, repeals tax credits for producing oil and gas from marginal wells, expensing of intangible drilling and development costs for gas wells, percentage depletion, qualified tertiary injectant expenditure tax deduction, exemption from limitations on passive activity losses; for non small, independent oil and gas companies, and tax deduction for income attributable to domestic production activities; prohibits use of last-in, first-out accounting method by major integrated oil companies

"Close Big Oil Tax Loopholes Act" (S. 307)

- Introduced in Senate and referred to Finance Committee on Feb. 13
- Sponsored by Sen. Robert Menendez (D-NJ); co-sponsored by Sen.'s Barbara Boxer (D-CA), Sherrod Brown (D-OH), Benjamin Cardin (D-MD), Richard Durbin (D-IL), Al Franken (D-MN), Kirsten Gillibrand (D-NY), Amy Klobuchar (D-MN), Frank Lautenberg (D-NJ), Patrick Leahy (D-VT), Claire McCaskill (D-MO), Jeff Merkley (D-OR), Bill Nelson (D-FL), Jack Reed (D-RI), Charles Schumer (D-NY), Jeanne Shaheen (D-NH), Debbie Stabenow (D-MI), and Sheldon Whitehouse (D-RI)
- For major integrated oil companies, repeals tax deduction for income attributable to oil and gas production, transportation, or distribution, tax deduction for intangible drilling and development costs, percentage depletion allowance for oil and gas wells, and tax deduction for

qualified tertiary injectant expenses; repeals royalty relief for both natural gas production from deep wells in shallow water GOM and deepwater oil and gas production in Western and Central GOM (including portion of Eastern GOM that it not under a moratorium)

"Stop the Sequester Job Loss Now Act" (H.R. 699)

- Introduced in House and referred to Agriculture, Budget, and Ways & Means Cmtes. on Feb. 14
- Sponsored by Rep. Chris Van Hollen (D-MD); 20 Democrat co-sponsors
- For major integrated oil companies, eliminates tax deduction for income attributable to oil and gas and prohibits use of last-in, first-out accounting method

"Sustainable Energy Act" (S. 329)

- Introduced in Senate and referred to Finance Cmte. on Feb. 14
- Sponsored by Sen. Bernard Sanders (I-VT)
- Removes authority of Interior Secretary to reduce or eliminate royalty payments for OCS oil and gas leases; increases minimum royalty payments for oil and gas leases; eliminates liability limits for offshore facilities and pipeline operators for oil spills; repeals tax deduction for income related to domestic oil and natural gas production; denies use of last-in, first-out inventory accounting for oil and gas companies; increases Oil Spill Liability Trust Fund financing rate to 8-10 cents/barrel; denies tax deduction for expenses for removal costs and damages for certain oil spill liability; imposes 13% tax on removal of any taxable crude oil or natural gas from GOM Outer Continental Shelf (with credit for federal royalty payments); increases amortization period for geological and geophysical expenditures to 7 years; repeals tax credit for producing oil and gas from marginal wells; repeals tax provision relating to limitations on percentage depletion for oil and gas wells; repeals public-private U.S. Energy Dept. program for ultra-deepwater and unconventional natural gas and other petroleum resource exploration and production

"Deepwater Drilling Royalty Relief Prohibition Act" (S. 598)

- Introduced in Senate and referred to Energy & Natural Resources Cmte. on March 18
- Sponsored by Sen. Dianne Feinstein (D-CA); co-sponsored by Sen. Bill Nelson (D-FL)
- Prohibits issuance of any offshore oil and gas lease sale with royalty-based incentives in any tract located in water depths of 400 meters or more; prohibits reduction or elimination of any royalty or net profit share for any lease or unit located in water depths of 400 meters or more on the OCS; repeals royalty relief for deepwater oil and gas production in the Western and Central GOM Planning Areas (and portion of Eastern GOM Planning Area not under a moratorium)

"Medical Device Tax Elimination Act" (H.R. 1295)

- Introduced in House and referred to Ways & Means Cmte. on March 20
- Sponsored by Rep. Daniel Maffei (D-NY); co-sponsored by Rep.'s Zoe Lofgren (D-CA), Jared Polis (D-CO), Niki Tsongas (D-MA), and Mel Watt (D-NC)
- For major integrated oil companies, eliminates tax deduction for income attributable to oil and gas and prohibits use of last-in, first-out accounting method

"Big Oil Welfare Repeal Act of 2013" (H.R. 1426)

- Introduced in House and referred to Ways & Means Cmte. on April 9
- Sponsored by Rep. Timothy Bishop (D-NY); co-sponsored by Rep.'s Suzan DelBene (D-WA) and George Miller (D-CA)
- For major integrated oil companies, eliminates tax deduction for income attributable to domestic production activities

"Stop the Sequester Job Loss Now Act Through 2014" (H.R. 2060)

- Introduced in House and referred to Agriculture, Budget, and Ways & Means Cmtes. on May 20
- Sponsored by Rep. Chris Van Hollen (D-MD); co-sponsored by Rep.'s David Cicilline (D-RI), Carol Shea-Porter (D-NH), Eric Swalwell (D-CA), and Frederica Wilson (D-FL)
- For major integrated oil companies, prohibits use of last-in, first-out accounting method, eliminates tax deduction for income attributable to domestic production activities, and removes tax deduction for intangible drilling and development costs

"American Jobs Act of 2013" (H.R. 2821)

- Introduced in House on July 24 and referred to Cmtes. on Ways & Means, Small Business, Education & the Workforce, Judiciary, Transportation & Infrastructure, Financial Services, House Administration, Oversight & Government Reform, and Budget
- Sponsored by Rep. Frederica Wilson (D-FL); 78 Democrat co-sponsors
- Repeals certain oil and gas tax provisions, including intangible drilling and development cost tax deduction, tertiary injectant expenditure tax deduction, tax deduction for oil and gas-related income, exemption from limitations on passive activity losses, and tax credits for producing oil and gas from marginal wells; increases amortization period for geological and geophysical expenditures to 7 years

"End Welfare for Big Oil Act of 2013" (H.R. 2956)

- Introduced in House and referred to Natural Resources and Ways & Means Cmtes. on Aug. 1; referred to Natural Resources Subcmte. on Aug. 9
- Sponsored by Rep. Patrick Murphy (D-FL); co-sponsored by Rep.'s Ron Barber (D-AZ), Earl Blumenauer (D-OR), Corrine Brown (D-FL), Kathy Castor (D-FL), Elizabeth Esty (D-CT), and Jared Polis (D-CO)
- For major integrated oil companies, repeals tax deduction for income attributable to oil and gas production, transportation, or distribution, tax deduction for intangible drilling and development costs, percentage depletion allowance for oil and gas wells, and tax deduction for qualified tertiary injectant expenses; repeals royalty relief for both natural gas production from deep wells in shallow water GOM and deepwater oil and gas production in Western and Central GOM (including portion of Eastern GOM that it not under a moratorium)

V. MISCELLANEOUS

"Keep American Natural Gas Here Act" (H.R. 1191)

- Introduced in House and referred to Natural Resources Cmte. on March 14; referred to Natural Resources Subcmte. on March 25
- Sponsored by Rep. Edward Markey (D-MA); co-sponsored by Brian Higgins (D-NY) and Rush Holt (D-NJ)
- For 10 years from the date of enactment, bids on OCS oil and gas leases would not be accepted in the absence of a certification that all natural gas produced from the lease will only be offered for sale in the U.S.

<u>"American Oil for American Families Act of 2013" (S. 435)</u>

- Introduced in Senate and referred to Banking, Housing, & Urban Affairs Cmte. on March 4
- Sponsored by Sen. Robert Menendez (D-NJ)
- Bans export from U.S. of petroleum extracted from public lands in U.S. (including OCS), or a petroleum product produced from such petroleum

<u>"Advancing Offshore Wind Production Act" (H.R. 1398)</u>

- Introduced in House and referred to House Natural Resources Cmte. on March 21; referred to Natural Resources Subcmte. on April 11
- Sponsored by Rep. Robert Wittman (R-VA); co-sponsored by Rep. Doc Hastings (R-WA)
- Exempts offshore meteorological site testing and monitoring projects from NEPA environmental impact statement requirements; requires permits and rights of way for such projects (with decisions required within 30 days of receipt of application)

<u>"Offshore Oil and Gas Worker Whistleblower Protection Act of 2013" (H.R. 1649)</u>

- Introduced in House and referred to Education & the Workforce Cmte. on April 18; referred to Education & the Workforce Subcmte. on July 8
- Sponsored by Rep. George Miller (D-CA); co-sponsored by Rep.'s Joe Courtney (D-CT), Rush Holt (D-NJ), Edward Markey (D-MA), and Mark Pocan (D-WI)
- Prohibits employer from discriminating, or engaging in retaliatory actions against specified employees who report to a government official any violation or unsafe condition under OCSLA

Atlantic Access & The Path Forward

Background

Neither commercial oil and natural gas leasing nor seismic surveying has taken place in the Atlantic planning areas of the federal U.S. Outer Continental Shelf (OCS) since the 1980s, despite the advent of much more sophisticated data-collection technologies. As such, the available data on potential hydrocarbon resources in the Atlantic is very outdated.

In addition to high levels of industry interest in developing the Atlantic, public support for opening the region to oil and natural gas drilling has increased markedly. In Virginia, 80% of voters polled agreed that Virginia should open its waters to offshore drilling, and Virginia's bipartisan delegation – including its two Democratic U.S. Senators – have introduced and supported legislation that would commence leasing.

Leasing in the Mid-Atlantic OCS planning area – encompassing the waters off Delaware, Maryland, Virginia and North Carolina – had previously been proposed by the Department of the Interior (DOI). In 2008, the Bush Administration commenced the steps necessary to move forward with proposed Lease Sale 220 off Virginia, scheduling Lease Sale 220 for 2011 as part of the 2007-12 Five-Year Plan and proposing multiple Mid-Atlantic and South Atlantic lease sales in its proposed 2010-15 Five-Year Plan (which was eventually finalized as the 2012-17 Five-Year Plan). However, following the explosion aboard the Deepwater Horizon and subsequent blowout of the Macondo well in 2010, the Obama Administration announced the cancelation of Lease Sale 220, even though an Environmental Impact Statement had not been conducted, and did not include any Atlantic lease sales in the 2012-2017 Five-Year OCS Oil & Gas Leasing Program - effectively prohibiting leasing in the Atlantic until at least 2017.

Permitting Seismic Activity in the Atlantic

Citing the need for "the best available science" to pursue additional oil and natural gas development opportunities on the U.S. OCS, in the Conference Report accompanying the Fiscal Year 2010 Department of the Interior, Environment and Related Agencies Appropriations Act, Congress directed the former Minerals Management Service:

> "to conduct a Programmatic Environmental Impact States (PEIS) to evaluate potential significant environmental effects of multiple geological and geophysical activities in the Atlantic OCS and provide a detailed timeline for completion of the PEIS no later than 90 days after enactment of this Act."

In response to the Conference Report, the Assistant Secretary for Policy, Management and Budget, Rhea Suh, at MMS (now the Bureau of Ocean Energy Management) provided a timeline of activities that would establish a PEIS. The timeline noted that a Record of Decision on a Final PEIS would be issued on **April 13, 2012.**

At the time, some claimed this nearly two and a half year timeframe demonstrated that the Obama Administration sought to delay drilling in the Atlantic. However, further delays were on the horizon.

As the agency began its scoping meetings in the spring of 2010, Bureau of Ocean Energy Management (BOEM) officials continued to state that a record of decision on the PEIS would be issued by mid-2012. However, in the wake of the Deepwater Horizon spill in 2010, the agency's deadline began to slip, significantly, even though the PEIS concerned seismic activity, not oil and gas drilling.

Major Steps in PEIS Development	Initial Proposed Date of Completion (MMS, Feb 2010)	Current Timeline as Published by BOEM	Delay Time
PEIS Process Commenced	January 28, 2010	---	---
Draft EIS Completed	July 15, 2011	March 2012	229 Days
60-Day Comment Period Initiated	October 31, 2011	March 30, 2012	151 Days
Final EIS Published	February 1, 2012	January 3, 2014	702 Days
Record of Decision Issued	April 13, 2012	March 28, 2014* (Initially Proposed)	**714 Days**

*Although BOEM published an updated timeline estimating a Record of Decision to be completed by March 28, 2014, for unknown reasons BOEM has since removed this target date and any reference to a Record of Decision from the timeline.

As the chart demonstrates, the BOEM has delayed the finalization of this process by **nearly two years** and the total process of developing and finalizing the PEIS – from initial scoping meeting to a final decision – will have taken **four years and two months to complete.**

Leaders Question Delay & Urge Swift Finalization

As the timeline for completion lapsed, federal and state leaders have continued to press DOI to finalize the PEIS as quickly as possible, including through the following recent pronouncements:

- H.R. 2231, the "Offshore Energy & Jobs Act:"
  - Passed in the U.S. House of Representatives by a bipartisan vote of 235-186 on June 28, 2013.
  - Sec. 603 Seismic Testing in the Atlantic Outer Continental Shelf.
    - "No later than December 31, 2013, the Bureau of Ocean Energy Management shall publish a record of decision on the Atlantic G&G Programmatic Final Environmental Impact Statement."
- U.S. Representative Jeff Duncan (R-SC) and U.S. Representative Robert Wittman (R-VA) in a letter to President Obama in March 2013:
  - "We are writing to urge that your Administration act to diligently complete the long-delayed Environmental Impact Statement (EIS) for the conduct of a safe, environmentally protective assessment of the oil and natural gas resources offshore the Atlantic outer continental shelf (OCS)."
- Outer Continental Shelf Governors Coalition in a July 17, 2013 Letter to Congress:
  - "The OCS Governors Coalition supports…improving understanding of potential energy resources in the OCS." Further, "[In 2010], DOI responded that a Final PEIS would be issued in April 2012. A final PEIS has yet to be issued."
- North Carolina Governor Pat McCrory in a July 16, 2013 Letter to DOI Secretary Sally Jewell:
  - "While my administration is eager to commence offshore energy development, several federal regulatory hurdles prevent us from moving forward. In particular, the Department of the Interior and the Bureau of Ocean Energy Management has yet to complete a long-awaited Programmatic Environmental Impact Statement (PEIS) that will guide the permitting of seismic activity in the Atlantic OCS."

How Delay Affects the Future Prospects for the Atlantic

Delaying the finalization of the PEIS by nearly two years could have significant ramifications on the near-term outlook for Atlantic energy development. DOI has suggested that new seismic data on the resource base will be needed prior to including new areas in a leasing program. If DOI upholds this decision to wait for seismic data to become available before considering new areas for a five-year plan, the delay in the PEIS finalization may ultimately and unnecessarily delay any drilling activity in the Atlantic until 2022 and beyond. However, DOI could proceed with including areas of the Atlantic in the next five-year plan, making leases available as seismic data become available. If the PEIS is completed quickly, then subsequent seismic data gathering could allow these areas to be offered in lease sales – thereby making it unnecessary to wait for 2022 and beyond.

According to Section 18 of the Outer Continental Lands Act, the DOI Secretary "shall prepare and periodically revise, and maintain an oil and gas leasing program to implement the policies of this Act." The law then goes on to describe the major regulatory steps, including public comment periods and congressional reviews that the Secretary must complete as part of the Five Year Oil & Gas Leasing Program.

While no statutory deadlines exist for these individual steps in the process, the next Five-Year Plan for 2017-2022 must be finalized by the middle of 2017 when the current 2012-2017 plan expires. Given the multiple regulatory steps involved in developing a Five-Year Plan, DOI usually commences the initial scoping stages two to three years before issuing a final plan. While the Department has not publically released its schedule for development of the next leasing program, scoping activities will likely begin in 2014.

Path Forward

Fortunately, there are some solutions at hand that can help ensure that the Atlantic is included in the next Five-Year Plan. The key is to echo these messages to Congress and the Obama Administration, encouraging them to pursue a sensible path that allows for Atlantic leasing in the 2017-2022 Five-Year Plan. Coastal governors, legislators, and other stakeholders should play a lead role in delivering the messages below to the Administration and to Congress.

Expedite the Completion of BOEM's Environmental Review

BOEM should expeditiously complete its review of the environmental impacts (the PEIS) of seismic activity in the Mid- and South Atlantic. The agency has spent nearly four years studying the issue, which is nearly two years longer than the agency initially predicted. Members of Congress, governors, and industry have urged DOI to swiftly finalize its work, but DOI timelines continue to slip.

> **Recommendation:** Continue to pressure the Administration and Members of Congress to expedite the completion of BOEM's environmental review in a manner that facilitates the prompt issuance of scientifically and legally defensible seismic permits.

New Seismic Before Proposing Leasing Isn't Necessary

Traditionally, the federal government proposes a lease sale based on a proper resource assessment. Statutes governing the development of a leasing program, however, do not require new seismic data before including a proposed lease sale in a Five-Year Plan. DOI could produce a Five-Year Plan for 2017-2022 that includes broad areas for potential lease sales, to be made available contingent on seismic data that demonstrates a promising resource base. If the PEIS is competed quickly, then subsequent seismic data acquisition could still be used to inform specific lease sales in 2017-2022 – as long as the Five-Year Plan allows for this possibility.

> **Recommendation:** Include potential leasing in the Atlantic in the 2017-2022 Five-Year Plan, doing so in a manner that allows forthcoming seismic data (upon completion of the PEIS) to inform specific lease sale proposals.

Commence Work Now On the 2017-2022 Five-Year Program

Under the Outer Continental Shelf Lands Act, the Administration can commence work on a new Draft Proposed Program (DPP) for offshore oil and gas leasing at any time. DOI can justify commencing work now on the 2017-2022 DPP based on the need to adequately address the input of governors, Members of Congress, and others who support Atlantic leasing and to ensure that proposed Atlantic leasing is included in the next Five-Year Plan, which must be finalized by the middle of 2017.

> **Recommendation:** Urge DOI to commence work now on the 2017-2022 DPP in order to adequately address the input of elected officials, coastal communities, and others who support leasing in the Atlantic and to ensure that proposed Atlantic leasing is included in the next Five-Year Plan, which must be finalized by the middle of 2017.

If governors, state legislators, industry, and other stakeholders can convince lawmakers and regulatory agencies to pursue these recommendations, then the probability of leasing in the Atlantic during the 2017-2022 Five-Year Plan increases significantly.

NATIONAL OCEAN POLICY

- Established pursuant to a July 2010 Executive Order following unsuccessful legislative efforts to pass major ocean policy legislation in three successive Congresses under both Democrat and Republican control, policy directs federal entities to implement nine "national priority objectives"
- Effective policy implementation will "require clear and easily understood requirements and regulations, where appropriate, that include enforcement as a critical component"
- Interior Dept. decision to preclude even the possibility of oil and gas leasing in any new offshore areas through at least 2017 cited National Ocean Policy Executive Order as justification in part
- Foundation of policy is a requirement that dozens of federal entities develop and implement a new planning initiative that the Interior Dept. has likened to a "national zoning plan" and which the Executive Order defines as a process that "*identifies areas most suitable for various types or classes of activities* in order to reduce conflicts among uses, reduce environmental impacts, facilitate compatible uses, and preserve critical ecosystem services" (emphasis added)
- "Coastal and marine spatial planning" is said to provide a process to "better manage" uses including commerce and transportation, oil and gas, ports and harbors, renewable energy, mining, commercial/recreational fishing, tourism, and traditional hunting, fishing, and gathering
- Planning effort is to be implemented in every U.S. coastal region (including federal and state waters and potentially upland areas), with new "Regional Planning Bodies" developing plans and the new National Ocean Council overseeing the effort; federal agencies are directed to proceed even in regions where all states choose not to participate on a Regional Planning Body
- Policy also includes a "fundamental shift in the traditional way the Federal Government approaches management of the ocean, our coasts, and the Great Lakes" through its Ecosystem-Based Management (EBM) requirement; federal entities must incorporate EBM into their environmental planning and review processes by 2016
- Long-time NGO proponents of efforts to "facilitate appropriate and smart use of the ocean" through marine spatial planning are providing significant financial and human resources support
- Eighty-one commercial and recreational groups representing sectors including energy, agriculture, boating, commercial and recreational fishing, forestry, diving, highway infrastructure, ports, home builders, shipping, and tugs and barges have formally requested that Congress act to pause National Ocean Policy implementation and examine potential impacts
- Congress in turn has voted 11 times to address National Ocean Policy concerns and conducted extensive oversight through hearings and investigations; NOAA continues to participate in the planning initiative even though Congress zeroed out their request for planning funds
- Lack of adequate legal analysis raises significant questions about conflicts between National Ocean Policy requirements and existing laws, regulations, and policies

Enger Kinchen

From: Natalie Joubert <njoubert@consumerenergyalliance.org>
Sent: Monday, October 14, 2013 10:38 AM
To: Jill Boxer (AL); Nick Tew (AL); Chris Champion; Chip Kline; Enger Kinchen; Garret Graves; Katie Kalicki (TX); Nate Hickman (TX); Doug Domenech (VA); Sara Benhauser (VA); Almeida, Tony; hugh.johnson@nc.gov; Kim Genardo; Janie Mason (AK)
Cc: Butzlaff, Nathan B (GOV); kip.knudson@alaska.gov; David Holt; Brent Greenfield
Subject: Industry Briefing Read-Aheads for Tomorrow
Attachments: Shell Read Ahead_OCS Governors.pdf; ExxonMobil_OCS Governors Coalition.pdf

Dear OCS Governors Reps,

We received read-aheads from two more of the industry roundtable presenters, ExxonMobil and Shell (see attached). Summaries and read-aheads from the other presenters were included in the version of the briefing binders sent previously. These attached documents will be included in the binders you receive in Biloxi.

Sincerely,

Natalie

Natalie Joubert
Consumer Energy Alliance
1666 K Street NW, Suite 500
Washington, DC 20006
202.429.4931 (office)
I Phone No. Redacted obile)

CONSUMER ENERGY ALLIANCE
THE VOICE OF THE ENERGY CONSUMER

SHELL UPSTREAM AMERICAS

The Shell Upstream Americas portfolio today generates significant cash flow from core producing areas. We explore for and extract crude oil and natural gas, often in joint ventures with international and national oil companies. We have a robust portfolio of deepwater and onshore acreage across the Americas to ensure sustained production. The Gas Monetization business focuses on ways to leverage Shell's significant natural gas position in new and existing markets, such as converting natural gas to liquids to provide cleaner burning fuels. We are also developers of wind power as a means to generate electricity. Upstream Americas will invest in developing our existing resource base to sustain profitable core areas, in growing integrated gas positions and new material oil projects and in unlocking additional unconventional oil and gas resources.

Alaska

At Shell, we believe Alaska could be home to some of the most prolific, undeveloped hydrocarbon basins in North America – oil and gas that could play an increasingly important role in meeting the energy challenge in the future. Success in the Alaska offshore could also lead to the creation of tens-of-thousands of jobs and critical new oil to help extend the life of the Trans-Alaska Pipeline. While the Arctic holds great opportunity, it also comes with great responsibility. Our experience working in rigorous and challenging conditions, including the Arctic, means that we are qualified to do the job right — to explore for offshore oil and gas in Alaska in a safe, responsible way. We are committed to bringing the best technology to the Alaska project and believe industry activities can successfully co-exist with centuries-old Inupiat traditions, such as subsistence hunting. Shell's Alaska Leasehold:

Federal OCS: Beaufort – 138, Chukchi – 275, Total – 413

State of Alaska leasehold – Beaufort – 18 (total)

Gulf of Mexico

The Gulf of Mexico accounts for approximately 55 percent of Shell's oil and gas production in the U.S. Shell owns an interest in 458 licensed blocks in the GoM, of which 126 are producing or undergoing field development. Of the remaining 332 primary term blocks, 94 percent have a 10-year lease term. We have 9 active MODU rigs, 4 active TLP rigs in the Gulf of Mexico. We have increased rig count from 2012 to now by 50%. We have just gotten back to exploration after the drilling moratorium (emphasis on returning production, working over wells, and abandonments). Shell is the #1 producer in the GoM.

Since 2000, we have paid more than $1.1 billion in lease bonuses. Shell operations in the Gulf of Mexico provide more than 45 percent of Shell's Upstream America's hemispheric oil and gas production. Shell has approximately 1,600 contract and full-time employees in the Gulf of Mexico. Perdido, the latest addition to the Shell portfolio in the Gulf of Mexico, produces at water depths beyond 9,000 feet.

Experience in ultra-deep water: Perdido

Perdido, moored in approximately 8,000 feet (2,450 meters) of water, is the world's deepest **offshore drilling and production facility.** The spar acts as a hub for and enables development of three fields – Great White, Tobago, and Silvertip. It gathers, processes, and exports production within a 30-mile (48-kilometer) radius. Tobago, in approximately 9,596 feet (2,925 meters) of water, will be the world's deepest subsea completion. The Perdido platform peak production will be 100,000 barrels of oil equivalent a day.

From the first lease purchase to today's production, the Perdido Development required an industry workforce of approximately 12,000 people, including employees and contractors. Shell designed, and operates, the Perdido host spar, a floating production facility, which is jointly owned by Shell (35%), Chevron (37.5%), and BP (27.5%).

The Perdido spar was constructed by Technip in Pori, Finland and began its 8,202-mile (13,200-kilometer) journey to Texas in May 2008, arriving in the Gulf of Mexico in August 2008. The 555-foot (170-meter) cylindrical spar was secured to the sea floor and Shell completed the installation of the drilling and production platform on top of it. Around 270 staff living on the platform and an adjacent floating hotel, or flotel, completed the commissioning and hook-up required to produce first oil, which occurred March 31, 2010.

Perdido fast facts:

- One day's production from Perdido is equivalent to the energy needed to fuel 500 cars for 15 years
- First commercial production from the Lower Tertiary reservoir in the Gulf of Mexico
- First Gulf of Mexico full host subsea separation and boosting removes about 2,000 psi of backpressure from the wells
- First spar wet tree Direct Vertical Access (DVA) wells in water more than 1.2 miles (two kilometers) deep
- The project achieved 10-million hours without a lost time injury
- Located 200 miles (320 kilometers) from the Texas coast in Alaminos Canyon Block 857
- The Great White field represents about 80% of Perdido's total estimated production
- Perdido's project life is expected to be about 20 years
- Construction of the Perdido host spar began in late 2006

North American Natural Gas

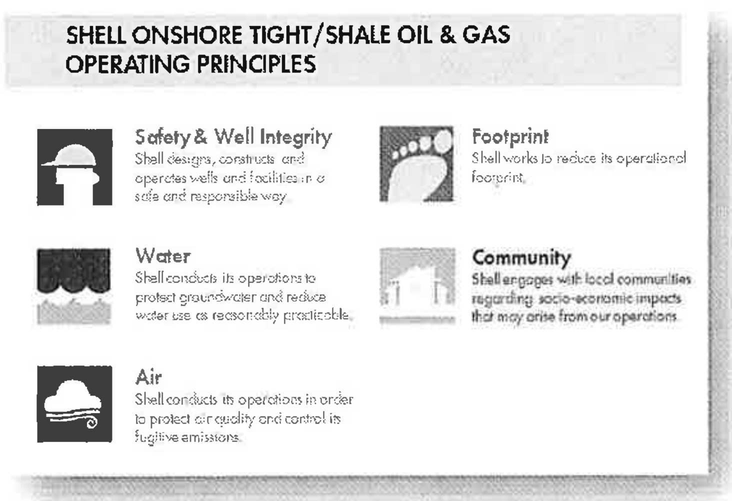
Shell's North America Onshore Gas business activities are located north in Canada's Northeast British Columbia (Groundbirch – Montney Shale) and extend to the Deep Basin tight and shale gas prospects straddling Alberta and BC provinces, to our 50+ year history in our Alberta conventional, "sour gas", Foothills business. In the U.S., our portfolio spans from western Wyoming (Pinedale Anticline) to North Louisiana (Haynesville Shale), to our recent leasehold position in south-central Texas' Eagle Ford Shale and to our 2010 acquisition of East Resources, which gives Shell a major position in the Appalachian Basin (Marcellus Shale). These positions establish a growth portfolio that can position Shell as a top-tier North America natural gas operator with access to 2.3 million net acres, about 40 trillion cubic feet of potential resources, low break-even cost structure and improving safety performance in a rapidly growing business.

Shell Onshore Tight/ Shale Oil & Gas Operating Principles

We are sharing our global onshore principles to address concerns around the development of onshore tight/shale oil and gas specifically with regard to the practice of hydraulic fracturing. If Shell weren't confident we could explore, develop and produce these resources safely and responsibly, we wouldn't be doing it.

Shell has a set of five global onshore tight/shale oil and gas operating principles that provide a tested framework for protecting water, air, wildlife and the communities in which we operate. We require all Shell-operated projects where hydraulic fracturing is used to adhere to these principles, but we also consider each project independently – from the geology to the surrounding environment and communities – and design our activities using state-of-the-art technology and innovative approaches that make the most sense for local conditions. We will report our performance against these principles.

Our principles are underpinned by a deliberate focus on safety, continuous improvement, collaboration with regulators and engagement with local residents where we strive to be open and transparent about how we operate and the impacts of our activities. We support regulation consistent with these principles, which are designed to reduce risks to the environment and keep those living near our operations safe.



Natural Gas Monetization: Leveraging Shell's Natural Gas Position

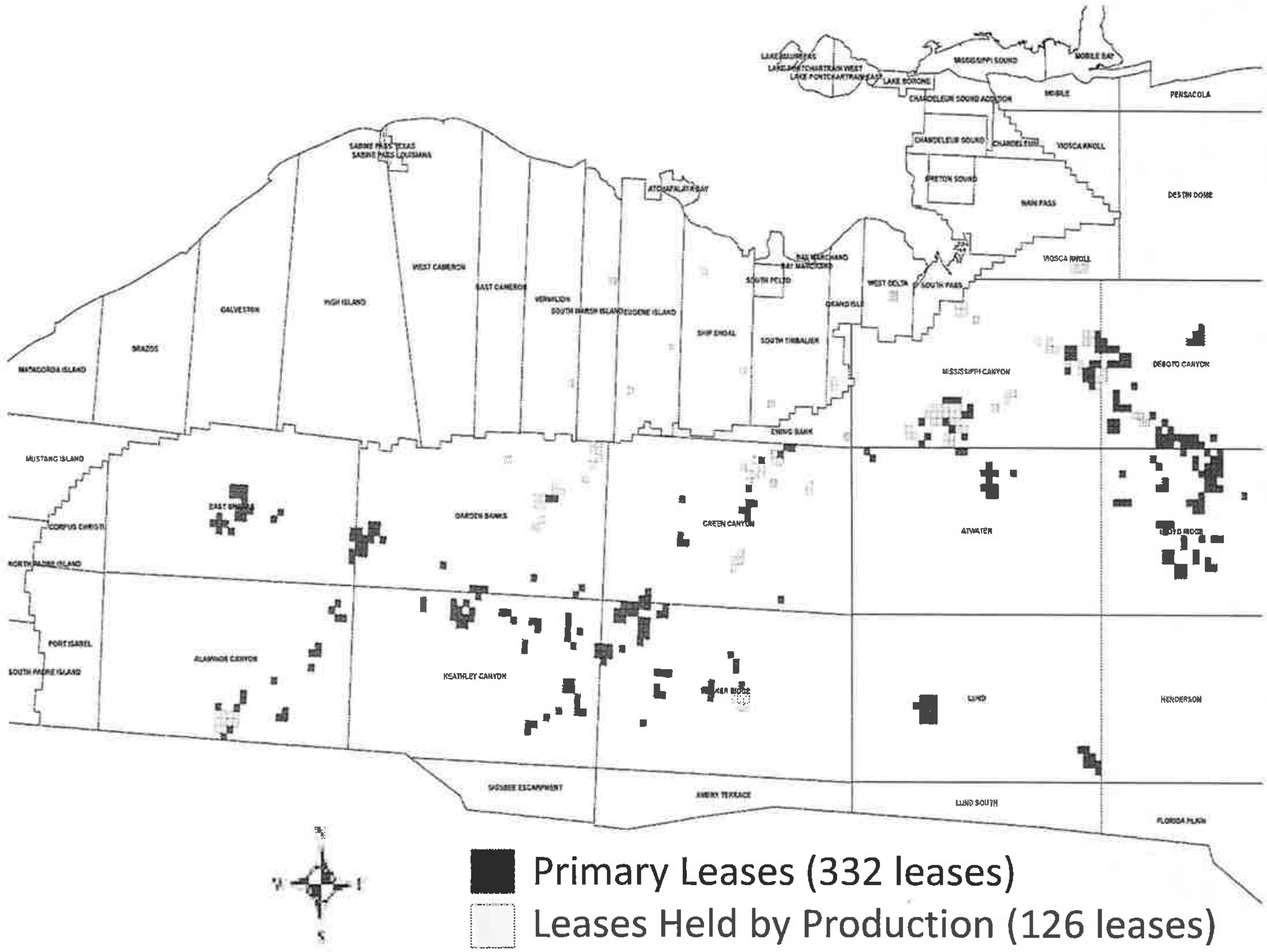
As global natural gas demand continues to rise, Shell is well positioned to meet this demand. Natural gas makes up a significant part of Shell's North America resource base. While we continue to deliver natural gas to markets using existing pipeline networks, Shell is also evaluating other markets for its natural gas where the use of natural gas can increase supply diversity and reduce air pollution. Some of these markets and uses could include: using LNG for transport fuels in heavy duty fleets, marine, rail and mining applications; utilizing micro-LNG facilities to process natural gas for delivery to markets where pipeline networks do not exist; and, using GTL – Gas to Liquids technology to produce synthetic fuels and other feedstock products for industrial use – made from natural gas that burn with lower emissions.

Wind

As an investor in wind energy, Shell is generating emission-free electricity that helps to avoid approximately three million tons of CO2, which would otherwise be emitted from other energy sources.

We are involved in 10 wind projects: eight in the U.S. and two in Europe. The total capacity of these projects is around 1,000 megawatts (Shell's share is roughly 510 megawatts). Of the total capacity, almost 900 megawatts are in the U.S. Shell's global portfolio provides green power for about 300,000 homes annually. Shell has landholdings exceeding 500,000 acres for future projects. Current U.S. projects in development are in Texas, New Mexico, Colorado, California and Pennsylvania.

Shell Gulf of Mexico Leases



Bill Townsley Bio

Bill Townsley graduated in 1980 with a BS in Chemical Engineering from New Mexico State University. He joined Shell in 1980 as a petrophysical engineer working in the Rocky Mountains, Syria, and the GoM with increasing spans of technical and supervisory responsibility. After an assignment as Manager of Planning and Strategy, Bill transferred to the UK in 1995 with roles in Shell's North Sea fields in Development and Operations Management. Bill returned to the US in 2007 where he became Shell's Venture Manager for the ultra deepwater Perdido Development which established the GoM's first paleogene production. Since 2011, he has taken on his current role as UA Rig Sequence and Well Delivery Manager interfacing both internally and with the regulator to ensure safe well delivery and compliance.

Bill serves as Shell's executive representative for the Marine Well Containment Company as well as member of the GEST Back to Work Coalition.

Bill has been married to his wife Sharon for 32 years. Together they have two grown children and are living in Houston.

OCS Governors Coalition: Industry Roundtable

About ExxonMobil

ExxonMobil is the world's largest publicly traded international oil and gas company. We hold an industry-leading inventory of global oil and gas resources. We are the world's largest refiner and marketer of petroleum products, and our chemical company ranks among the world's largest. We are also a technology company, applying science and innovation to find better, safer and cleaner ways to deliver the energy the world needs.

Bio for R.L. (Randy) Broiles

Randy was appointed Vice-President Americas, ExxonMobil Production Company, based in Houston, Texas in July 2010. Where, he leads all activities related to ExxonMobil's production business in the USA, Canada and South America.

Previously, he was President, Imperial Oil Resources and Senior Vice-President, Imperial Oil Limited based in Calgary. Where he contributed to progressing the Kearl Oil Sands Project and building a material acreage position in British Columbia's Horn River Basin and the Beaufort Sea.

Randy joined ExxonMobil in 1979 as a process engineer in South Texas and has held positions of increasing responsibility over 30 years, in North America and W. Africa.

A native of Texas, Randy holds a Bachelor of Science degree in Chemical Engineering from Texas Tech University and an MBA from Texas A&M University of Kingsville.

Key Points for Discussion

- ExxonMobil supports policies that provide for responsible oil and natural gas development to help meet the world's growing energy needs. Policies should provide for both conventional and unconventional oil and natural gas resources and must require that exploration and development be done in a safe and environmentally and socially responsible manner.

- Increased U.S. oil and natural gas production will strengthen energy security and self-sufficiency, create jobs, stimulate economic growth, and generate significantly increased revenues to federal, state and local governments.

- The U.S. government continues to prohibit access to the majority of America's offshore and much of its prospective onshore acreage. Less than 15 percent of the 1.76 billion acre U.S. OCS is available for leasing through at least 2017 and less than 2 percent is actually leased.

- In order to increase U.S. petroleum energy supplies, expanded access is needed to offshore areas currently off-limits to the oil and natural gas industry. A key underlying issue is that barriers to access are so high today that industry has no way to assess the U.S. resource endowment or to identify high priority exploration and development opportunities.

- U.S. policies which increase access to areas which are currently closed to development could, by 2030, increase domestic oil and natural gas production by up to 6.7 MBOED, support an additional 690,000 jobs, and raise $800 billion of cumulative additional government revenue.

- Decisions and regulatory frameworks governing the development of oil and natural gas resources need to be efficient and transparent. They should also recognize current scientific, technological and economic realities of exploration and production.

Contact Information

R.L. (Randy) Broiles
Vice President, Production (Americas)
ExxonMobil
800 Bell St., Room 1953A
Houston, TX 77002
Cell Phone No. Redacted

Chip Kline

From: Natalie Joubert <njoubert@consumerenergyalliance.org>
Sent: Friday, December 06, 2013 10:10 AM
To: Amy Dobson (AK); Chip Kline; Chris Champion (MS); Cindy Sims (AK); Dan Wilmot (TX); David Holt; Doug Domenech (VA); Elizabeth Bluemink (AK); Erin Gray (NC); Garret Graves; Jeffrey Jones (AK); Jill Boxer (AL); Jose Romano; Josh Baker (SC); Katherine Haltiwanger (SC); Katie Kalicki (TX); Kim Genardo (NC); Kip Knudson (AK); Kirk Sims (MS); Mark Robbins (AK); Martin Kent (VA); Nate Hickman (TX); Nick Tew (AL); Randall Ruaro (AK); Sharon Leighow (AK); Stefanie Moreland (AK); Tony Almeida (NC)
Cc: Butzlaff, Nathan B (GOV)
Subject: Agenda & Add'l Doc for OCS Govs 12/11 Teleconference
Attachments: Teleconference Agenda for OCS Governors Coalition Call 121113 FINAL.docx; Summary of OCSGC at Biloxi Oct 15 2013.pdf; BYLAWS OF THE OUTER CONTINENTAL SHELF GOVERNORS COALITION_Revisions For Oct 2013.docx; Offshore_Atlantic_FINAL.PDF

Dear OCS Governors Coalition Reps:

Please find attached and below an agenda for our call next Wed, Dec 11 at 4:00pm ET. In addition, I've attached a few documents that we will discuss on the call, including:

- A summary of the recent OCS Governors Coalition meeting in Biloxi, MS
- Proposed revisions to the Coalition bylaws
- A summary of a recent report on the economic benefits of Atlantic OCS access

Please let Nathan or me know if you have any questions, and we look forward to talking with you next Wednesday.

Have a nice weekend,

Natalie

Outer Continental Shelf (OCS) Governors Coalition

Teleconference Agenda

Wednesday, December 11, 2013: 4:00pm ET/ 3:00pm CT/ 12:00pm AK

1-866-299-7945 (Passcode: 5402957#)

I. **Latest Activities**
   a. Letter to Interior Secretary Jewell commenting on BOEM's annual progress report on the current five year plan
   b. Announcement of Governor McCrory (North Carolina) as Vice Chair
   c. Membership outreach to Governor-elect Terry McAuliffe of Virginia
   d. Coalition op-ed response to a recent Center for American Progress report on the cost of revenue sharing (Link to report: http://www.americanprogress.org/issues/green/report/2013/11/08/79030/protecting-taxpayers-share-natural-resource-revenues-public-lands-oceans/)

II. **Next Coalition Meeting – Likely Friday, February 21, 2014 in Washington, DC (in conjunction with the National Governors' Association winter 2014 meeting)**

a. Securing conference room space
b. Draft and submit invitation to U.S. Interior Secretary Sally Jewell
c. Possible congressional hearing on OCS development
d. Invite Congressional delegations (chiefs of staff only?) to meet with the Coalition
e. Organize an industry roundtable
    i. Topics/organizations to invite?
f. Messaging
g. Media coverage

III. Action Items from Biloxi Meeting

a. Implementing a robust outreach strategy to influence the next five year plan
b. Possible involvement with the Center for Offshore Safety
c. Other items?

IV. Other Pending Items for Discussion

a. Updating bylaws for the addition of a vice chair
b. State of Alaska is handling finances
c. Dues notices

Natalie Joubert
Consumer Energy Alliance
1666 K Street NW, Suite 500
Washington, DC 20006
202.429.4931 (office)
Cell Phone No. Redacted

CONSUMER ENERGY ALLIANCE
THE VOICE OF THE ENERGY CONSUMER

Outer Continental Shelf (OCS) Governors Coalition

Teleconference Agenda

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   b. State of Alaska is handling finances
   c. Dues notices

Summary of OCS Governors Coalition
Fall Meeting in Biloxi, MS
October 15, 2013

(Left: Governors Sean Parnell (AK, Chairman), Pat McCrory (NC) and Phil Bryant (MS) participate in a panel discussion of the OCS Governors Coalition at the Southern States Energy Board; Right: Gov. Parnell (AK) responds to a question from Virginia Secretary of Natural Resources Doug Domenech)

Summary of Events

The OCS Governors Coalition held its third meeting of 2013 in Biloxi, MS on October 15, 2013. The final schedule of events included a 45-minute panel discussion at the Southern States Energy Board annual meeting, a 75-minute industry roundtable with the governors and surrogates, and private luncheons for the OCSGC governors and staff.

The industry roundtable and staff meeting served as a great strategy session for the Coalition. The governors agreed to pursue the following:

Action Items:

- Nominated and confirmed North Carolina Governor Pat McCrory as the Vice-Chair of the OCS Governors Coalition (McCrory to assume Chairmanship for 2015-16);
- At McCrory's request, devise and implement a robust outreach strategy for the Coalition to allow governors maximum opportunity to influence the development of the next Five-Year Oil & Gas Leasing Program;

- Begin advocating to the federal government for the reinstitution of the OCS Policy Committee *or* utilize the Coalition to form a new state/federal advisory body based on the principles and objectives of the former OCS Policy Committee;
- At Bryant's request, work with industry to determine if OCSGC can join the Center for Offshore Safety as a non-voting member;
- Hold the next OCS Governors Coalition meeting in Washington, DC concurrent with the NGA Winter Meeting from February 21-24, 2014:
  - Invite U.S. Interior Secretary Jewell to brief the governors;
  - Discuss with the House Natural Resources and Senate Energy & Natural Resources Committees about the potential for a congressional hearing;
  - Invite the federal delegations to a meeting with the OCSGC; and
  - Hold third in series of industry roundtables.
- Organize a rig tour for the governors and senior staff for 2nd or 3rd Quarter 2014; and
- At all Governors' request, develop new messaging platform for the governors and staff, including:
  - A two-minute elevator speech about the objectives of the Coalition;
  - Summary of forthcoming API and NOIA study on the economic benefits of Atlantic access;
  - Comprehensive data on the capital invested in safety and technology post-BP spill; and
  - Updated data on the need for OCS resources / domestic supply and demand.
- Discussion among staff about forming a Speakers Tour to carry messaging Governors provided during OTC in May and SSEB this week to more audiences.

Participants

- Alaska Governor Sean Parnell (Chairman)
  - Attended with Deputy Chief of Staff Cindy Sims and Director of Federal/State Relations Kip Knudson.
- Mississippi Governor Phil Bryant
  - Attended with Policy Advisor Chris Champion and Director of Communications Mick Bullock.
- North Carolina Governor Pat McCrory
  - Attended with NC Department of Environment and Natural Resources Secretary John Skvarla and Senior Advisor on Jobs and the Economy Tony Almeida.
- Virginia Secretary of Natural Resources Doug Domenech (on behalf of Virginia Governor McDonnell)
- Louisiana Deputy Director of Coastal Activities Chip Kline (on behalf of Louisiana Governor Jindal)
- Alabama State Geologist Dr. Nick Tew (on behalf of Alabama Governor Bentley)
- Texas Deputy Chief of Staff Michael Morrissey (on behalf of Texas Governor Perry)

Media

Only the Southern States Energy Board panel discussion was open to the media, and few media traveled to Biloxi for the conference. The OCSGC did receive some press, including:

- *Sun Herald* "Governors at Southern States Energy Board." October 15, 2013.
- *Sun Herald*, "Leaders preach importance of solidarity at energy conference." October 15, 2013.
- *Politico* "Morning Energy." October 14, 2013.

Panel Discussion at Southern States Energy Board

Governors Parnell (AK), Bryant (MS) and McCrory (NC) participated in a question and answer panel with Virginia Secretary of Natural Resources Doug Domenech serving as moderator. The governors spoke to approximately 200 attendees at the Southern States Energy Board annual meeting, most of whom were southern state legislators and regulators.

Alaska Governor Sean Parnell urged southern state legislators and regulators to support a sensible tax regime and efficient regulatory processes to encourage greater capital investment in the United States and boost energy production. Gov. Parnell underscored the need for predictability in regulatory regimes, referencing Shell Alaska's $5 billion venture in the Beaufort and Chukchi Seas. As part of a sensible regulatory regime, Parnell also discussed his state's efforts to reform the tax code to better attract capital, and he stated that S.B.21 has already started to produce results.

Mississippi Governor Bryant focused his comments on how the Coalition collectively seeks to advance access and opportunity in federal waters. He noted that over 97,000 Mississippi jobs are supported by the industry, but cautioned that the State needs to do more to ensure future generations receive the education and skills training necessary to fill these tens of thousands of jobs.

Finally, Governor McCrory discussed the many strides that his administration has taken in its first year in office to advance OCS access. Of note, he signed S.B. 76 which called on the Governor to work with Virginia and South Carolina to advance the cause of Atlantic OCS development. The bill also directed the state to begin examining the opportunities and challenges with multi-use on the OCS. To that effect, Gov. McCrory stated that his administration has already met with the U.S. Coast Guard, ports, shipping industry and other affected industries to discuss OCS access. Gov. McCrory also discussed the advances in offshore safety and technology, even referencing the recent OCS Governors meeting at Offshore Technology Conference in Houston, and discussed the need for new seismic.

Industry Roundtable

Participants:

National Ocean Industries Association *(Randall Luthi, President)*
ExxonMobil *(Randy Broiles, Vice President, Americas)*
Shell *(Bill Townsley, Shell Well Delivery Program Manager)*
Spectrum Geo, *(Richie Miller, President)*
Southeastern Coastal Wind Coalition *(Brian O'Hara, President)*
Chevron (*Sandi Fury, Manager, Legislative & Regulatory Advocacy*)

OCSGC / CEA Staff:
David Holt
Natalie Joubert
Brent Greenfield

Summary:

Topic I: Five-Year Plan:

Randall Luthi (NOIA) led the discussion on how the federal government develops and implements a five-year OCS oil & gas leasing program. He noted several times that the governors have a statutorily guaranteed opportunity to suggest areas off their coasts that they believe should be available for leasing. Luthi urged the governors to keep their areas of potential interest as broad as possible with the understanding that the first draft plan starts out broad and then is narrowed considerably in the final plan. Luthi also noted that the five-year planning process has worked well in the Gulf of Mexico, but this Administration has utilized the process to delay or limit leasing opportunities in the Arctic and Atlantic.

Topic II: Safety & Technology Post-BP Spill

Shell, Chevron and ExxonMobil each discussed the advances that the industry, as well as their individual companies, has made in safety preparedness following the BP spill. The executives mentioned that new technologies and regulations, including MWCC, Helix, SEMS, and new rigs, that have greatly improved the safety of operations. The company also discussed the creation of the Center for Offshore Safety. These new safety precautions have also added 25% to 35% to the cost to drill a well – a statistic that the governors really picked up and even begin sharing publically after the meeting.

Topic III – The Importance of Seismic

Richie Miller (Spectrum Geo) led the discussion on the need for a finalized Programmatic Environmental Impact Statement to allow seismic activity to move forward in the Atlantic. Miller noted that he expects that it will take at least three years after a Record of Decision on the PEIS for seismic companies to receive their permits, complete, analyze and sell the data, and then have the oil and gas companies complete their own technical and financial analyses. Miller and Luthi also discussed the increasing activism by NGOs against seismic activity and cautioned the governors about some of these groups' false rhetoric.

Topic IV – Offshore Wind

Brian O'Hara (Southeastern Coastal Wind Coalition) focused his comments on the economic opportunities presented to states that welcome offshore wind farms. O'Hara noted that since the wind turbines for offshore platforms are much larger than the onshore turbines, a supply chain infrastructure would need to be established and states hosting offshore wind platforms would be ideal areas for this new investment. O'Hara also discussed the compatibility of offshore wind farms with oil and gas platforms. He stated that some of the infrastructure could be shared, while there would not be an overlap in siting since wind turbines would be placed closer to shore than oil platforms.

Other Takeaways

Dr. Tew from Alabama inquired with industry if the OCS Policy Committee, a federal advisory committee, was a fruitful endeavor and whether it should be reinstated. All of the industry representatives agreed that the OCS Policy Committee was a good idea and endorsed the Coalition's desire to work to reinstate the Committee.

OCS Governors Coalition Staff Luncheon

The governors' staff and surrogates met for a private, one-hour lunch meeting with its Coalition staff from Consumer Energy Alliance to review the action items (listed above). In addition to the action items listed on page 2, the staff also discussed a handful of administrative items and recruitment.

On recruitment, the staff discussed opportunities to reach out to Georgia, Maine, Virginia (post-2013 election), Florida and California.

For the next OCS Governors Coalition meeting, the staff agreed to invite Secretary Jewell and to begin moving the invitation now. If Sec. Jewell declines, the Coalition will draft and submit an op-ed signed by the governors discussing the lack of responsiveness from the Obama Administration.

BYLAWS OF THE OUTER CONTINENTAL SHELF GOVERNORS COALITION

ARTICLE I

MISSION

1.1 Intent. The intent of these bylaws is to provide for clear and orderly organization of the Outer Continental Shelf (OCS) Governors Coalition (hereinafter referred to as the "Coalition").

1.2 Purpose. The Coalition will be guided by four core ~~principles~~objectives.

1.2.1 Improved communication between federal and state officials on OCS issues.

1.2.2 Improved understanding of potential resources and opportunities adjacent to the various coastal states.

1.2.3 Improved understanding of the impact those resources could have on local, state and federal revenues.

1.2.4 Improved management and stewardship of coastal resources related to coastal and ocean activities.

ARTICLE II

LEADERSHIP

2.1 Chairmanship Eligibility. Any current member of the Coalition in good standing who has at least two years remaining in his or her term as governor of a member state may be elected to serve as Chairman.

2.2 Chairmanship Designation. The Chair of the Coalition will be elected by a consensus vote by all voting members of the Coalition.

2.3 Chairmanship Term. The Chairman shall serve a two-year term. If he or she is unable to complete the term, a special election for a new Chairman will be held within 30-calendar days of a written resignation from the Chairman.

2.4 Responsibilities of Chairman: The duties of the Chairman shall include the following:

2.4.1 Representation of the Coalition at designated meetings, in official communications and in any contracts that the Coalition pursues.

2.4.2 Supervision or delegation to appropriate staff of all day-to-day management activities of the Coalition.

2.4.3 Delegation of other powers to other Member states as necessary.

2.5 Vice Chairmanship Eligibility. Any current member of the Coalition in good standing who has at least two years remaining in his or her term as governor of a member state may be elected to serve as Vice Chairman.

2.6 Vice Chairmanship Designation. The Vice Chair of the Coalition will be elected by a consensus vote by all voting members of the Coalition.

2.7 Vice Chairmanship Term. The Vice Chairman may serve in the position for up to two years and can serve a successive term as Chairman if elected. If he or she is unable to complete the term, a special election for a new Vice Chairman will be held within 30-calendar days of a written resignation from the Vice Chairman.

~~2.4.3~~2.8 Responsibilities of Vice Chairman. The Vice Chairman shall assist in any and all duties of the Chairman as directed by the Chairman.

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ARTICLE III

MEMBERSHIP

3.1 Membership Eligibility. Any governor of a U.S. state or chief executive of a recognized U.S. territory whose state or territory is bordered or surrounded by a saltwater body of water is eligible to join the Coalition.

3.2 Membership Finalization. Each governor must confirm his or her intent to join the Coalition by sending the Chairman a letter accepting membership. The Chairman will then affirm the governor's accession to the group within 30 calendar days.

3.3 Membership Voting Rights. Each member in good standing is entitled to one vote.

3.4 Governor Designee. A member is able to designate one or more persons from his or her staff to participate and manage the governor's membership in the Coalition. The member must identify these staff to the Chairman.

3.5 Membership Responsibilities. To remain a member in good standing, a member and/or his or her staff must participate in a majority of announced meetings. If a member fails to participate in a majority of meetings within the calendar year, the Chairman must give the member a notice of his violation and determine whether probation of voting rights is appropriate.

3.6 Membership Withdrawal. If a governor determines that he or she no longer wishes to participate in the Coalition, he may resign by letter to the Chairman. The Chairman must acknowledge acceptance of the resignation within 30 calendar days.

ARTICLE IV

MEETINGS

4.1 Annual Meetings. The governors and their designees will meet in person at a location of the Chairman's choosing at least annually.

4.2 Regular Meetings. The designees of the Coalition will hold a conference call monthly, unless an annual meeting or special circumstance prohibits a regular meeting. These exceptions will be at the discretion of the Chairman.

4.3 Meeting Notice. The Chairman shall give notice to all members and designees of a meeting by electronic mail no less than one week prior to the meeting.

4.4 Voting. During a meeting, the Chairman may call a vote if a quorum of members is present.

ARTICLE V

FINANCES

5.1 Dues. Each member must authorize $1,000 in expenditures annually for his or her participation in the Coalition.

5.2 Expenditures. The Chairman may utilize dues to pay for annual meetings, website maintenance, and other needs as determined by the Chairman. If a single expense exceeds $500, the Chairman must seek approval by a majority vote of the Coalition.

ARTICLE VI

AMENDMENTS

The bylaws may be altered, amended or repealed or new bylaws may be adopted only by a three-quarters (3/4) vote of the membership unless otherwise stipulated herein.

ARTICLE VII

PARTICIPATION OF NON-VOTING MEMBERS OR ENTITIES

The Coalition may permit non-voting entities, such as prospective members, non-governmental organizations, and others, to participate in Coalition functions at the discretion of the Chairman. If the relationship is to exceed 30 calendar days, the entity must enter into a Memorandum of Understanding that stipulates terms of the relationship. The MOU must be approved by the Chairman.

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Untapped Potential

The Benefits of U.S. Offshore Oil and Natural Gas Development in the Atlantic

Opening the U.S. Atlantic Outer Continental Shelf (OCS) to offshore oil and natural gas exploration and production could have remarkable benefits for job creation, U.S. energy security, domestic investment, and revenue to the government.

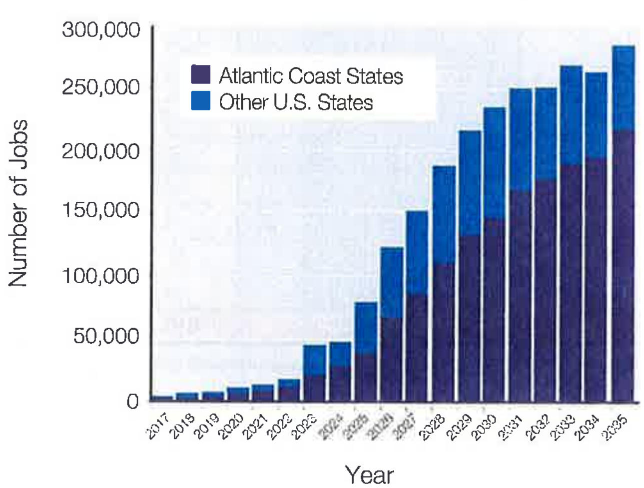
Oil and natural gas development in the Atlantic OCS between 2017 and 2035 could:

- Create nearly **280,000 new jobs** along the East Coast and across the country.
- Result in an additional **$195 billion** in new private investment.
- Contribute up to **$23.5 billion** per year to the U.S. economy.
- Add **1.3 million barrels** of oil equivalent per day to domestic energy production.
- Generate **$51 billion** in new revenue for the government.

If the first lease sales in the Atlantic OCS were held in 2018, exploratory drilling could begin the following year with the first production of oil and natural gas expected in 2026. **Major capital investments, job creation, and revenue to the government would all begin years before the first barrel goes to market.**

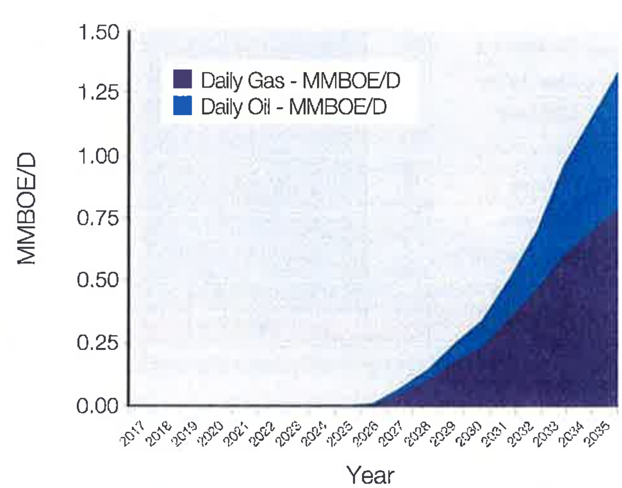
Job Creation

Atlantic OCS oil and natural gas development is expected to lead to significant employment gains, both along the East Coast and nationally. Total U.S. employment is expected to reach nearly 280,000 jobs by 2035, of which 215,000 would be in the Atlantic coast region. States outside the region would see a gain of nearly 65,000 jobs. The largest employment impact would occur in North Carolina, South Carolina and Virginia.



Energy Production

Atlantic OCS development would significantly increase domestic energy production. From just over 6,000 barrels of oil equivalent per day (BOEPD) in 2026, production is expected to rise the following year to over 65,000 BOEPD and to reach 1.34 million BOEPD by 2035. Production is expected to be approximately 40 percent oil and 60 percent natural gas.



Source: *The Economic Benefits of Increasing U.S. Access to Offshore Oil and Natural Gas Resources in the Atlantic*, Quest Offshore Resources, Inc., November 2013

Domestic Investment

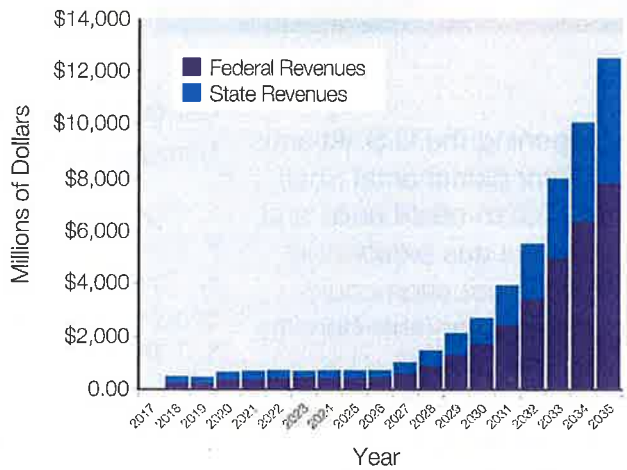
Spending by companies involved in finding, developing, and producing oil and natural gas in the Atlantic OCS is expected to rise from an average of $480 million per year during the first five years of initial leasing, seismic surveys, and exploratory drilling to just under $20 billion per year in 2035. The percentage of spending expected to take place in the Atlantic coast states will progress from 48 percent in the first five years of activity to 76 percent in the last five years.

Contribution to the Economy

Spending by the oil and natural gas industry and the impact of the increase in government revenues would significantly increase U.S. GDP. Total contributions to the economy are projected to reach nearly $23.5 billion per year in 2035, with roughly 75 percent of the total expected impact to occur in Atlantic coast states and 25 percent across the rest of the country.

Government Revenue

Atlantic OCS oil and natural gas development could significantly increase government revenue from royalties, bonus bids, and rents on leases – reaching a cumulative $51 billion from 2017 to 2035. Assuming revenue sharing legislation similar to the arrangement in the Gulf of Mexico is enacted, coastal states could receive 37.5% of the revenue generated which is equal to $19.3 billion.



Impact by State

The chart below shows the breakdown of expected increases in spending, employment, GDP, and government revenue by state.

State	2017-2035 Cumulative Spending ($ Millions)	2035 Employment	2035 Contributions to Economy ($ Millions/year)	2017-2035 Cumulative State[1] Government Revenue ($ Millions)
North Carolina	$26,439	55,422	$4,081	$3,989
South Carolina	$15,572	35,569	$2,730	$3,728
Virginia	$14,214	24,979	$2,177	$1,874
Massachusetts	$8,164	14,814	$1,365	$1,411
New York	$9,637	12,345	$1,250	$869
Maine	$3,892	10,305	$840	$879
Florida	$3,998	9,222	$694	$1,057
Rhode Island	$3,485	8,499	$771	$1,198
Connecticut	$4,371	8,169	$776	$929
New Jersey	$4,984	8,340	$785	$515
Maryland	$4,159	7,236	$632	$499
Pennsylvania	$4,050	7,227	$619	$330
Georgia	$2,076	5,088	$426	$702
Delaware	$2,430	4,790	$466	$475
New Hampshire	$1,942	3,608	$317	$843
Other U.S. States	$58,320	63,950	$5,498	$0
Totals	**$194,531**	**279,562**	**$23,428**	**$19,299**

1 For comparison of potential revenue among states only. Assumes 37.5 percent of bonuses, rents, and royalties go to the East Coast states. Actual revenue would depend on the enactment and details of a revenue sharing agreement.

energy API AMERICAN PETROLEUM INSTITUTE

NOIA America's Offshore Energy Industry

Chip Kline

From:	Natalie Joubert <NJoubert@consumerenergyalliance.org>
Sent:	Thursday, February 20, 2014 11:56 AM
To:	Chip Kline; Chris Champion (MS); Dan Wilmot (TX); Hugh Johnson (NC); Jill Boxer (AL); Katie Kalicki (TX); Kim Genardo (NC); kip.knudson@alaska.gov; Nate Hickman (TX); Nick Tew (AL); Mike Morrissey; Susan Benoit
Cc:	Butzlaff, Nathan B (GOV); Don Van der Vaart - Department of Environment and Natural Resources (donald.vandervaart@ncdenr.gov)
Subject:	Agenda and Briefing Materials for OCS Govs Feb 24 Meeting
Attachments:	TAB 1_Important Info for Feb 24.docx; TAB 2_Info and Agenda for Meet and Greet.docx; TAB 3_Jewell Meeting_Info, Agenda and Background.docx; TAB 5_Messaging on Atlantic Access_Relationship of Seismic and Leasing.docx; TAB 5_Messaging on Economic Opportunities.docx; TAB 5_Messaging on National Ocean Policy Info.docx

Dear OCS Governors Coalition Reps,

Please find attached a series of background materials for the OCS Governors Coalition meeting this **Monday, February 24th** in Washington, DC. All of the materials attached will be available in printed binders at the Willard InterContinental on Monday morning.

Additionally, each of you should have received a calendar notice for a call tomorrow, Friday, February 21st at 12:00pm ET/11:00am CT to review the agenda for Monday.

The attached materials have been arranged in the order they will appears in the binders. TAB 3 contains the proposed agenda, bios of Interior officials, talking points and messaging materials for the Sec. Jewell meeting.

1. TAB 1 – Run of Show, all logistical and venue information and important staff and security contacts
2. TAB 2 – Draft agenda for Governors' Meet & Greet from 7:30am ET to 8:15am ET
3. TAB 3 - Draft agenda and background materials for Sec. Jewell meeting from 8:15am ET to 9:00am ET
4. TAB 4 – FORTHCOMING. Information on tentative media availability. Per tomorrow's staff call, we will make a decision whether to proceed with a media avail. If we do, staff will provide you with a list of confirmed reporters in advance.
5. TAB 5 – Extended messaging documents for background material

In addition to this information, you may also find all recent OCS Governors Coalition activity, including previous letters to Secretary Jewell on the website, http://ocsgovernors.org/news/. Such as:

- Dec 2013 Letter to Sec. Jewell on BOEM's Annual Progress Report
- July 2013 Letter to Congress on OCSGC Priorities

Please reach out to Nathan (Governor Parnell's office) or Don (Governor McCrory's office) if you have any questions.

Sincerely,

Natalie

OCS Governors Coalition:
Meeting in Washington, DC
Monday, February 24, 2014

Proposed Agenda (All Times Eastern)

7:30am-8:15am: **Governors to meet at holding room for private meet and greet**

Location: *"Nest" Room. Mezzanine Level*
Willard InterContinental Hotel
1401 Pennsylvania Avenue, NW
Washington, DC 20004

Continental breakfast will be available. This will be closed to the media. Governors will need to formally approve Governor McCrory as chairman of the coalition. Staff will be available to review the agenda for the day's events and answer any questions related to the policy items to be discussed with Secretary Jewell.

8:15am-9:00am: **Meeting with Interior Secretary Sally Jewell**

Location: *"Nest" Room. Mezzanine Level*
Willard InterContinental Hotel

Secretary Jewell will be accompanied by the following senior Interior Department officials:

- Tommy Beaudreau, *Acting Assistant Secretary of Land and Minerals Management and Director, Bureau of Ocean Energy Management (BOEM). (Note: Janice Schneider has been nominated for this Assistant Secretary position but the Senate has not yet confirmed her.)*
- Brian Salerno, *Director of Bureau of Safety and Environmental Enforcement (BSEE)*
- John Blair, *Director of Intergovernmental and External Affairs*

Topics will include approval of the Programmatic Environmental Impact Statement (PEIS) for seismic surveying in the Mid- and South Atlantic, consultation with states on the formulation of the 2017-2022 OCS Oil and Gas Leasing Program, and state-specific issues.

9:00am-9:30am: **Private discussion time for governors**

Location: *"Nest" Room. Mezzanine Level*
Willard InterContinental Hotel

The time is intended as a postmortem of the meeting with Secretary Jewell, as well as preparation for the following media availability.

9:30am- 9:45am: **Media Availability**
Location: *"Nest" Room. Mezzanine Level*
Willard InterContinental Hotel

A list of media outlets in attendance will be provided once available. Attending reporters will likely represent energy and federal policy-focused publications. The intention is for governors to focus on the meeting with Secretary Jewell.

9:45am- 10:00am: **Governors depart for JW Marriott**

This will allow adequate time for governors to board the buses at the JW Marriott bound for the White House. **Please note that the buses are slated to leave promptly at 10:15am.**

10:00am- 11:00am: **OCS Governors Coalition Staff-Level Meeting**
Location: *"Nest" Room. Mezzanine Level*
Willard InterContinental Hotel

This will permit staff to discuss the meeting with Secretary Jewell and move forward on next steps, as directed by the attending governors.

OCS Governors Coalition Confirmed Participants
Monday, February 24, 2014 ▪ Washington, DC

<u>Confirmed Governors</u>

- The Honorable Pat McCrory, Governor of North Carolina (Acting Chair)
- The Honorable Phil Bryant, Governor of Mississippi
- The Honorable Robert Bentley, Governor of Alabama
- The Honorable Terry McAuliffe, Governor Virginia

<u>Confirmed Surrogates</u>

- Mr. Michael Morrissey, Deputy Chief of Staff and Senior Advisor
  - Office of Texas Governor Rick Perry
- Commissioner Scott Angelle, Louisiana Public Service Commission
  - Office of Louisiana Governor Bobby Jindal

Important Contact & Location Information
Monday, February 24, 2014 ▪ Washington, DC

Security Information

Please coordinate all security concerns with the Willard InterContinental at 202-637-7398.

Willard InterContinental Hotel

Address:	1401 Pennsylvania Avenue NW Washington, DC 20004	
Contact:	Main:	202-628-9100
	Caterer:	202-637-7303 (Linda Davis)
	Security:	202-637-7398 (Ed Maloy and Carolyn Claiborne)

Directions

From JW Marriott: From JW Marriott lobby, exit main entrance. Turn left and walk toward Pennsylvania Avenue. Turn right on Pennsylvania Avenue and the entrance to the Willard will be on your right. Approximately walk time of 2 minutes.

Meeting Room

All meetings will be held in the "Nest" private mezzanine. Upon entrance to the Willard lobby, take an immediate right and either take the stairs or elevator dedicated to the Nest. Staff will be in the lobby to direct you.

Onsite Staff

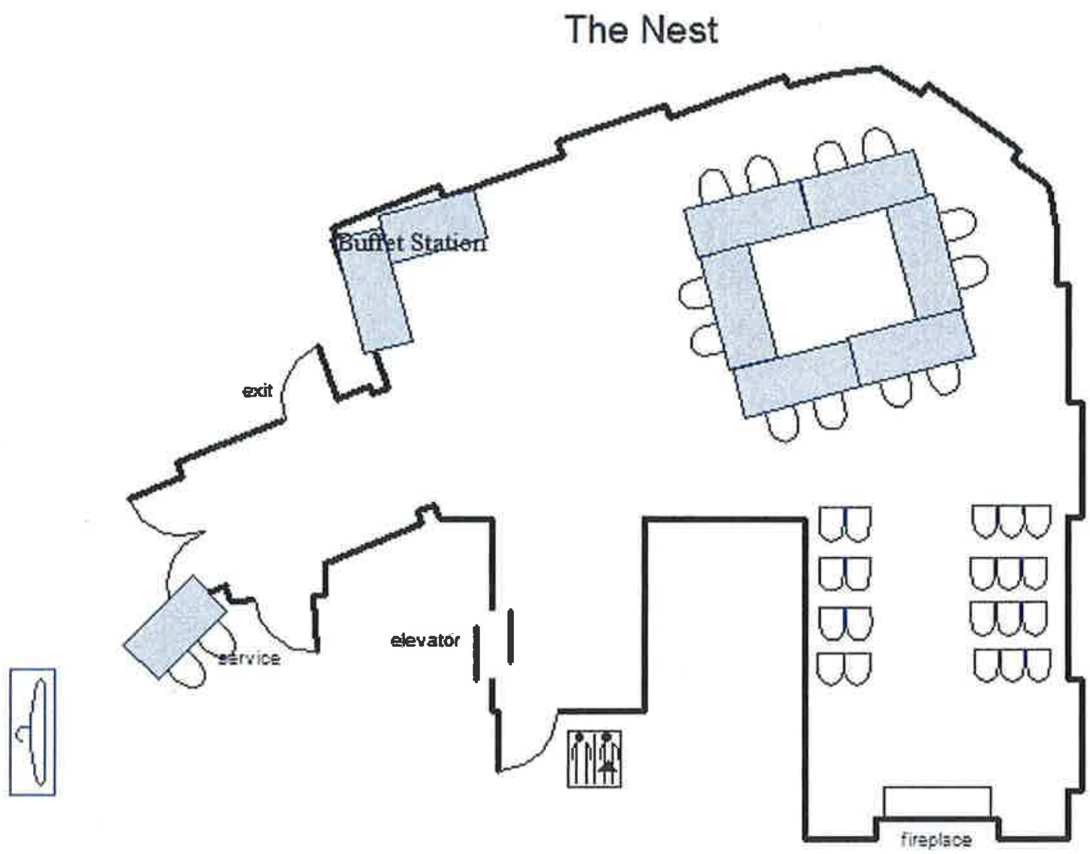
Don Van der Vaart (Gov. McCrory)
Cell Phone No. Redacted
Email: Donald.vandervaart@ncdenr.gov

Kip Knudson (Gov. Parnell)
Cell Phone No. Redacted
Email: kip.knudson@alaska.gov

Nathan Butzlaff (Gov. Parnell) Cell Phone No. Redacted
Email: Nathan.butzlaff@alaska.gov

Natalie Joubert (CEA) Cell Phone No. Redacted
Email: njoubert@consumerenergyalliance.org

Room Format:



OCS Governors Coalition:
February 24, 2013 ▪ Washington, DC

Event: OCS Governors Meet & Greet

Time: 7:30am to 8:15am ET

Location: The Nest
Willard InterContinental Hotel
1401 Pennsylvania Avenue, NW
Washington, DC 20004

Agenda:

7:30-7:45am: Meet and Greet; Breakfast provided

7:45-8:05am: OCS Governors Coalition Action Items:

- Vote on Governor McCrory as Chair
- Discussion on Vice Chair
- Review of Agenda and Talking Points with Secretary Jewell
- Open Discussion before Secretary Jewell meeting

8:05-8:15am: Break; Secretary Jewell meeting commences at 8:15am

Contact:

Nathan Butzlaff
Cell Phone No. Redacted
nathan.butzlaff@alaska.gov

Natalie Joubert
Cell Phone No. Redacted
njoubert@consumerenergyalliance.org

OCS Governors Coalition:
February 24, 2013 ▪ Washington, DC

Meeting with U.S. Interior Secretary Sally Jewell
8:15am – 9:00am ET

Proposed Agenda: (All Times Eastern)

8:15am-8:20am: **Introduction of the OCS Governors Coalition** (Led by Governor McCrory)

- Welcome & Introduction of governors and surrogates attending
- Brief review of the mission, membership and history of the OCS Governors Coalition
- Quick review of the meeting format

8:20am-8:25am: **Introduction & Opening Remarks by Secretary Jewell**

8:25am-8:55am: **Roundtable Discussion**

- **Discussion on 2017-2022 Oil & Gas Leasing Plan:**
    - Asks Include:
        - Fully consider governors' input on the 2017-2022 OCS Oil & Gas Leasing Program, including:
            - New access in Mid- and South Atlantic;
            - Continued areawide leasing in Western and Central Gulf with at least one lease sale in each area annually **(Bentley and Bryant);** and
            - Additional leasing opportunities in Cook Inlet, Chukchi and Beaufort Seas;
        - Consider meeting with the governors consistently during development of the Five-Year Plan; maintaining lines of communication
        - Begin planning for the lifting of the congressional moratorium in 2022; be ready for Eastern Gulf area

- **Discussion on Regulatory Certainty for Producers:**
    - Asks Include: When the PEIS has been released
        - Ensure clear permitting process for seismic surveyors to facilitate Atlantic surveying; [Seismic testing is expensive]
        - Since lands can only be leased if it is in the plan, AND we may not have all of the seismic information for the Atlantic by 2017, we would like to have the Atlantic included even if complete seismic information is not available as of 2017.
        - Provide greater certainty for producers seeking to operate in frontier areas including the Arctic and Atlantic. Both gain and explore; [Shell felt some of the rules of exploration changed after they began in Alaska]

- **Discussion on OCS Policy Committee:**
    - Asks Include:
        - Reestablish the OCS Policy Committee as another mechanism to maintain communications **(Bentley)**
        - Ensure strong representation of state governors and coastal governments from producing areas and from those states that are actively seeking opportunities for offshore energy, including Alaska and states in the Mid- and South-Atlantic.

- **Governors Support Revenue Sharing**
    - Asks include
        - Continued conversation regarding revenue sharing mechanisms this Administration could support
            - ** Note: The Obama administration has stated that it cannot support the FAIR Act due to its implications for federal revenues. During her confirmation hearing, Sec. Jewell stated that she would be open to a general conversation on revenue sharing with Congress.

- **Discussion on the Future of Offshore Renewable Energy:**
    - Asks Include:
        - Continue utilization of renewable energy task force as a positive model of federal-state coordination on leasing opportunities; [If vanguard projects like "Cape Wind" in Massachusetts are successful.]

8:55am-9:00am **Concluding Remarks** (Led by Governor McCrory)

- Final thoughts and questions from all participants
- Concluding remarks and thank-you from Governor McCrory

Biographies & Notable Statements from Department of the Interior Participants

Confirmed Participants:

- The Honorable Sally Jewell, Secretary of the U.S. Department of the Interior
- Tommy Beaudreau, Acting Assistant Secretary of Land and Minerals Management
- Brian Salerno, Director of Bureau of Safety and Environmental Enforcement (BSEE)
- John Blair, Director of Intergovernmental and External Affairs

Secretary Sally Jewell:

Sally Jewell was sworn in as the 51st Secretary of the Interior on April 12, 2013. As Secretary, Jewell oversees more than 70,000 employees. The Department of the Interior manages approximately 20 percent of the nation's lands and all of its federal waters, oversees conventional and traditional energy development on public lands and waters, and upholds trust responsibilities to the 566 federally recognized American Indian tribes and Alaska Natives.

Prior to her confirmation, Jewell served as President and CEO of Recreation Equipment, Inc. (REI), a national retail store chain for outdoorsmen. Prior to REI, Jewell spent 19 years as a commercial banker, working mostly in the energy and natural resources sector. Jewell started her career as a petroleum engineer with Mobil Oil.

Notable Statements from Sec. Jewell:

"On energy I have a commitment to the President's All of the Above energy strategy of increasing our Nation's production of both traditional and renewable sources of energy on our public lands…I also understand as a business person that it's important to bring certainty and clarity to industry." Confirmation Hearing, March 2013

On revenue sharing, "I know that we're all in a situation with a tight Federal Treasury. It would take good collaboration to assess what an appropriate change of the revenue sharing agreement might be." Confirmation Hearing, March 2013

"I strongly support transparent decision-making processes that include coastal states that have a strong interest in safe and responsible offshore energy development…I will work with the Bureau of Ocean Energy Management and others to ensure that the Department actively seeks and considers coastal states' interests." Responses to Questions for the Record, April 2013

"Maintaining the public's trust in the safety and environmental performance of oil and gas production is critically important as we continue to tap into the Gulf's abundant resource potential." Press Release, May 2013

Tommy Beaudreau, Acting Assistant Secretary of Land and Minerals Management - Tommy Beaudreau is the Acting Assistant Secretary of Land and Minerals Management, overseeing the Bureau of Land Management (BLM), Bureau of Ocean Energy Management (BOEM) and the Bureau of Safety and Environmental Enforcement (BSEE). Beaudreau also currently serves as the Director of BOEM. BOEM is responsible for overseeing offshore oil, natural gas and renewable energy development, including development and execution of the five-year oil & gas leasing program, all offshore renewable energy programs, environmental reviews – including those that inform the five-year plan, and some permitting activities, including review of exploration plans.

In November 2013, Beaudreau was nominated to serve as Assistant Secretary for Policy, Management and Budget. Janice Schneider was nominated for the Assistant Secretary of Lands and Minerals Management. Neither Schneider nor Beaudreau have been confirmed by the U.S. Senate.

Beaudreau joined DOI in 2010 during the *Deepwater Horizon* spill to help develop and lead the Department's aggressive reforms of offshore energy management and oversight. As part of the reforms, the Bureau of Ocean Energy Management, Regulation and Enforcement (the former Minerals Management Service) was separated into two offices – BOEM and BSEE.

Prior to joining DOI, Beaudreau was a partner at law firm Fried, Harris, Shriver & Jacobson. He was raised in Alaska where his father worked in the Prudhoe Bay oil field.

Notable Statements from Director Beaudreau:

"Because of my upbringing, I have a first-hand understanding of the importance of responsible resource development to the economic well-being of communities and families." Confirmation Hearing for Asst. Secretary, December 2013

From Ranking Member Murkowski: "I'm sad to see [Beaudreau] leave his current position. However, I know that he won't be far from it. His experience getting up to speed on offshore oil and gas and the host of scientific environmental work it depends on is too valuable to let go." Confirmation Hearing for Asst. Secretary, December 2013

"We don't have to have the full set of data from the seismic work and we don't have to completely work through the issues around deconfliction in order to make a decision around scoping a new five-year plan." Referring to the ability to move forward on seismic activity and future leasing simultaneously in the Atlantic; To *Fuel Fix* in October 2013

Director Brian Salerno, Bureau of Safety & Environmental Enforcement

Brian Salerno has served as Director of the Bureau of Safety and Environmental Enforcement (BSEE) since August 2013. BSEE is responsible for developing and implementing operational safety and environmental standards for offshore oil & natural gas production. BSEE regional offices review Applications for Permits to Drill and for conducting onsite safety visits.

Prior to his appointment as Bureau Director, Salerno served as the U.S. Coast Guard's Deputy Commandant for Operations where he was responsible for establishing and providing operational strategy, policy, guidance and resources as needed to meet national priorities for U.S. Coast Guard missions, programs and services. Over the course of his 36-year active duty career, Salerno attained the rank of Vice Admiral, serving predominantly within the U.S. Coast Guard's marine safety program.

He was also a member of the National Academy of Sciences' Ocean Studies Board that explored industry and government readiness to respond to oil spills in the Arctic Ocean and part of a team that examined interagency relationships among BSEE, the Coast Guard, other government agencies and the regulated industry.

Notable Statements from Director Salerno:

"We need to be a data-driven organization. We cannot be satisfied with just conducting inspections and assuming they are driving down risk" *Fuel Fix* quote, November 2013

"I recognize the great strides that the Department has made over the past years, and I look forward to continuing that progress, working in close contact with our partners across government and industry." DOI Press Release, August 2013

Mr. John Blair, Director of Intergovernmental and External Affairs, Dept. of the Interior

Mr. Blair serves as the Director of Intergovernmental and External Affairs at the Department of the Interior. He was appointed in January 2014. The Office of Intergovernmental and External Affairs (OIEA) strengthens relationships between state and local partners and external stakeholders with the Office of the Secretary. OIEA also serves as liaison for governmental and non-governmental partners in communicating with Departmental offices and the Bureaus.

Prior to his appointment, Blair served as Chief of Staff for U.S. Representative Dan Kildee (D-MI) and has also worked for Senator Martin Heinrich (D-NM). He was President Obama's New Mexico political director during the 2008 campaign.

Background Information on Each Agenda Item:

Discussion on 2017-2022 Oil & Gas Leasing Program

Highline Message:

Ensure consistent, robust engagement with coastal governors on development of program; and ensure the Department of the Interior scopes as broad of an area as possible, including the Mid- and South-Atlantic and offshore Alaska, in the 2017-2022 Program.

Potential Questions for Sec. Jewell:

- When does Sec. Jewell anticipate that DOI will begin scoping for the next five-year plan and how can she ensure the governors' input going forward?
- What is the prospect of including Atlantic leasing in the next program, understanding that seismic data may not be available in time?
- What is the future of leasing off Alaska given the multiple uncertainties in the regulatory process?

Background:

Section 18 of the Outer Continental Shelf Lands Act requires the Secretary of the Interior to prepare and maintain a five-year schedule of lease sales that best meets national energy needs. The OCS Lands Act further requires, "States, and through such States, affected local governments, are entitled to an opportunity to participate, to the extent consistent with the national interest, in the policy and planning decisions made by the Federal Government relating to exploration for, and development and production of, minerals of the outer Continental Shelf." The current program will be in place until June 2017. The initial scoping process for the upcoming 2017-2022 Five Year Program is expected to begin in late 2014.

Western & Central Gulf of Mexico (GOM): Traditionally, DOI has scheduled one lease annually in both the Western GOM and Central GOM planning areas. Industry has deemed this level of leasing to be sufficient. DOI employs an "areawide leasing" strategy in the Gulf, in which it makes available all unleased acreage available. By expanding the amount of acreage offered with areawide leasing, producers have the advantage of being able to consider the whole geological structure and, therefore, have the capacity to adapt their drilling plans as such. The federal government implemented the area-wide leasing approach in 1983. A Government Accountability Office's analysis determined that the area-wide leasing encouraged "greater production and, ultimately, greater revenue from earlier receipts of rents, royalties, and taxes."

Eastern Gulf of Mexico: Much of the Eastern Gulf of Mexico remains under a congressional moratorium until June 30, 2022, as dictated by the Gulf of Mexico Energy Security Act of 2006. Therefore, leases in areas currently under moratorium will likely not be scoped for consideration in the next five-year plan unless Congress acts to lift or modify the moratorium soon. However, DOI can begin environmental analysis of the area for future development at any time.

In the current 2012-2017 Program, the BOEM will offer two leases (Lease Sales 225 and 226) in the small tract of the Eastern Gulf of Mexico planning region not included in the congressional moratorium.

Alaska: In the current 2012-2017 Program, BOEM will offer three lease sales off Alaska, one in each the Beaufort (2017), Chukchi (2016) and Cook Inlet (2016). In March 2010, President Obama placed a presidential withdrawal on the Bristol Bay region until 2017.

Rather than continue with Arctic area-wide lease sales, the current Program provides for a new targeted Arctic leasing approach to "achieve an appropriate balance between making resources available while limiting conflicts with environmentally sensitive areas and subsistence use." Further analysis and information-gathering is to inform determinations "from the outset about which blocks within the planning areas are most suitable for leasing." Industry has expressed concern that this shift to tract-selection leasing could result in less efficient drilling programs due to the limited opportunities for leasing.

Atlantic: Following the *Deepwater Horizon* spill in 2010, the Obama Administration reconsidered its offshore leasing policy. Lease Sale 220 offshore Virginia was first postponed and then cancelled entirely when not included in the Final 2012-2017 Program. Furthermore, none of the potential new areas in the Mid- and South Atlantic originally proposed for consideration were included in the Final Program.

For new leasing in the Atlantic, one of the concerns is that new seismic data will not be available prior to the commencement of scoping in late 2014. Traditionally – but not statutorily, DOI has only included proposed leases in the five-year plan in new areas where updated seismic data is available and can inform DOI as to what specific areas on the OCS demonstrate the greater potential for oil and natural gas recovery. Since the Programmatic Environmental Impact Statement (PEIS) for Atlantic seismic activity has not been finalized, seismic activity will not be ready by the time scoping commences later this year since it takes nearly a year to scan and evaluate seismic data. However, Director Beaudreau recently stated to a news outlet that he understands that the federal government can move forward simultaneously with permitting seismic activity and scoping for Atlantic leases in the 2017-2022 five-year program. If seismic data later confirms that there are not sufficient resources in the Atlantic to merit leasing, the federal government can withdraw the lease in its draft plan before it is finalized or cancel the lease in the Final Program if industry does not demonstrate interest. For information regarding the interplay of seismic activity in the Mid- and South-Atlantic and future leasing opportunities, please reference the "Atlantic Access & the Path Forward" talking points included as an addendum.

Frequently Asked Questions about the Five-Year Program:

Can the Department of the Interior Add Lease Sales after a Five-Year Program is Final?

DOI cannot easily add a new lease sale to the program, such as an Atlantic lease sale, since it has not completed the necessary environmental assessments. If it were to add a lease sale, DOI would need to redo the entire environmental analysis, which would postpone implementation of the rest of the program. Congress, however, can legislatively require DOI to issue a lease sale. Congressmen from the Atlantic region have proposed bills to this effect, but none has passed both Chambers.

How Long Does Development of the Five-Year Program Take?

Development of a program can take up to three years. Major steps in the process include:

- Requests for Comments and Information / Scoping (Likely to Begin in Late 2014)
- Draft Proposed Program (Issued for Comment for 60-Days)
- Proposed Program and Draft Environmental Impact Statement (Issued for Comment for 90-Days)
- Proposed Final Program and Final Environmental Impact Statement (60-Day congressional review waiting period)
- Program Approval (Must be in place by July 1, 2017)

Will Leases in the Eastern Gulf of Mexico Be Available in the Next Five-Year Plan?

The Eastern Gulf of Mexico congressional moratorium ends on June 30, 2022. The next five-year plan will be active from July 1, 2017 to June 30, 2022. If the moratorium is not lifted or amended by Congress prior to the completion of the leasing program, then no lease sale can be offered. However, DOI can include the potential for lease sales in the next five-year plan in case Congress does lift or amend the moratorium. By including the potential lease sales in the program, DOI can complete the necessary environmental work and be prepared to execute a lease if the moratorium were lifted or amended.

How Long is a Lease?

A lease covers the exploration phase of development. The length of a lease varies depending on the depth of the well. In its 2012-2017 Program, BOEM outlined its updated lease periods as follows:

Water Depth	Length of Initial Period
Less than 400 Meters	5 years extended to 8 years if a well is initiated during the initial 5-year
400 to 800 Meters	5 years extended to 8 years if a well is initiated during the initial 5-year
800 to 1,600 Meters	7 years extended to 10 years if a well is initiated during the initial 7-year
1,600+	10 years

BOEM has stated that these lease terms better incentivize lessees to begin exploring and producing leases as soon as possible, as opposed to sitting on leases until financial terms improve. For producers in frontier areas, like the Arctic, even 10-year lease terms may not be sufficient. A report from the Woodrow Wilson International Center for Scholars recommends that lease terms in the Alaskan OCS be lengthened to ensure operators have sufficient time to recoup the large capital investment required to extract resources in this regions. Greenland allows for 16 year extensions of leases, and Canada permits companies to retain leases indefinitely if oil and gas is found within the initial nine year lease timeframe.

Background Information on Each Agenda Item:

Discussion on Regulatory Certainty for Producers

Highline Message:

Ensure producers have greater certainty about their operating environment, including access to seismic surveying, Arctic-specific regulations, potential conflicts with the Administration's National Ocean Policy, and potential federal actions on protected coastal and marine habitats.

Potential Questions for Sec. Jewell:

Seismic: (If PEIS is not released by Monday) Will the Department soon issue a PEIS and permit seismic surveying of the Mid- and South-Atlantic? If so, when do you estimate this will occur?

Seismic: How long do you anticipate permitting seismic operations will take? If seismic data is not available prior to the commencement of scoping for the next five-year plan, will the Department still evaluate potential Atlantic leasing in the upcoming five-year plan?

Frontier Areas: Understanding the unique obstacles that producers face in frontier areas, including the Arctic and the Atlantic, how can DOI better work with state governments to address these issues in a timely manner and give industry greater certainty about future regulation?

Ocean Policy: How will the President's National Ocean Policy affect offshore energy development? Of particular concern, will the plan's ocean zoning plan limit or delay oil and natural gas related activities?

Background:

Seismic: For questions surrounding seismic, refer to the appendix in Tab 5 on "Atlantic Access & The Path Forward"

DOI has suggested that new seismic data on the Atlantic resource base will be needed prior to including new areas in a leasing program. If DOI upholds this decision to wait for seismic data to become available before considering new areas for a five-year plan, the delay in the PEIS finalization may ultimately delay any drilling activity in the Atlantic until 2022 and beyond. However, DOI could proceed with including areas of the Atlantic in the next five-year plan, scheduling leases in a manner that will allow seismic activity to be completed prior to the execution of a lease sale.

Frontier Areas: Energy development in frontier OCS areas, such as the Arctic and the Atlantic where little recent development has occurred, presents new challenges, including the need for infrastructure build-out, compatibility with existing ocean industries (e.g. recreational boating, fishing, military) and access to oil spill response assets.

In the Arctic, the Department of the Interior (BOEM and BSEE) is currently working on Alaska-specific OCS regulations, which had been expected by this month. It remains unclear if similar standards would be required of future producers in the Atlantic. In each case, the concern remains whether these potential future regulations set an appropriate balance between environmental safety and preparedness and sufficient flexibility for producers in frontier regions to adapt the necessary operations and technologies to operate efficiently. Essentially, current and future lease holders in these frontier regions need greater certainty about the requirements of their programs.

Ocean Policy: The National Ocean Policy, established through a 2010 Executive Order, includes a new government ocean zoning initiative. Potential implications and ongoing concerns with the effects of the policy are included in the appendix in "National Ocean Policy Info." The policy's zoning plans may alter the balance between environmental protection and commercial activity in coastal and federal state waters. However, many states and local governments have expressed concerns with the policy and continue to cite ongoing uncertainty with the program's objectives and implementation.

Background Information on Each Agenda Item:

Discussion on OCS Policy Committee

Highline Message:

Reestablish the OCS Policy Committee and ensure that all coastal states with an active interest in OCS energy development have the opportunity to be a member.

Potential Questions for Sec. Jewell:

- Would reestablishment of the OCS Policy Committee be a helpful way in promoting better federal-state communication on OCS issues?
- Can you commit to examining the opportunity and confirming with us your decision?

Background:

The OCS Policy Committee, whose charter expired in 2010, allowed participation from coastal state governors, as well as several federal agencies, the business community, the environmental community and other local constituencies. The Committee helped advise the Secretary of the Interior, reviewing and commenting on all aspects of leasing, exploration, development and protection of OCS resources.

In the previous Committee, Alabama, Alaska, Louisiana, Mississippi, South Carolina and Texas were included as members. Of the OCS Governors Coalition states, only North Carolina was not represented on the former OCS Policy Committee.

After the charter expired, former Interior Secretary Salazar did not renew the charter. Rather, he chartered the OCS Scientific Community, which advises the Secretary of the Interior on the "feasibility, appropriateness and scientific value of the BOEM's OCS Environmental Studies Program." Membership of the Committee, found here, only includes one state government representative, Lorrie Rea with the Alaska Department of Fish and Game.

Frequently Asked Questions:

How would an OCS Policy Committee Operate?

The Federal Advisory Committee Act (FACA) defines how federal advisory committees operate. FACA places special emphasis on open meetings, public involvement and reports. A charter, which is required, will govern membership, frequency of meetings, objectives, duration and annual costs. All meetings require 15-day public notification in the public register.

Background Information on Each Agenda Item:

Discussion on Offshore Wind Energy

Highline Message:

Iterate the Coalition's support for both traditional and renewable energy and understanding that the two programs are compatible; Support for the renewable energy task force model as it allows state input; Discuss how the governors can support federal research programs that seek to increase the commercial viability of offshore wind, such as a regional demonstration project.

Potential Questions for Sec. Jewell:

- How can the governors better support efforts to ensure commercially viable programs move forward?
- What is potential to move forward with other OCS renewable energy programs outside of the Atlantic and the recently announced project in Oregon?

Background:

The Bureau of Ocean Energy Management (BOEM) oversees all renewable energy development (wind, tidal and wave) on the Outer Continental Shelf. In 2009, DOI completed the Final Renewable Energy Framework. In 2011, the BOEM finalized a rule that reflected bureau reorganization, establishes a program to grant leases, easements, and rights-of-ways. BOEM coordinates these functions through task forces established with state, local and tribal governments. Among the OCS Governors Coalition states, North Carolina and South Carolina have established task forces.

Current DOI Activity on Offshore Wind:

Virginia: Commercial lease held in 2013; Two research leases have been awarded to the Virginia Department of Mines, Minerals and Energy; and Ongoing geological study between Virginia and the BOEM.

North Carolina: Renewable energy task forces has identified five potential lease areas and issued a "Call for Information and Nominations" for 3 of the 5 potential lease areas.

South Carolina: A renewable energy task force has been formed.

No other notable activity in the other OCS Governors Coalition states.

Frequently Asked Questions:

Are offshore wind and offshore oil and gas platforms compatible?

Yes, offshore wind and offshore oil & gas are not mutually exclusive from a geographic and siting standpoint. Wind development would happen in shallower water (10-30 miles from shore) whereas oil & gas development will occur in deeper water, at least 40-50 miles offshore.

In fact, some offshore support industries can be complementary, such as port facilities, steel and fabrication capabilities, and some support vessels, which can service both wind and oil and gas.

What are the options for revenue sharing for offshore wind?

Currently, affected states receive 27 percent offshore wind revenues, as dictated in the Energy Policy Act of 2005. Proposed legislation, S.1273, the FAIR Act, would expand the current standard up to 37.5 percent of all revenues produced from any form of energy – traditional or renewable – developed offshore.

Discussion on Revenue Sharing

Highline Message:

Iterate to Secretary Jewell the Coalition's strong support for expanded revenue sharing to all interested coastal states that produce offshore oil and natural gas and changes to the Gulf of Mexico Security Act that would lift the $500 million revenue cap to ensure Gulf States receive a more equitable share of revenues

Discussion Points:

- Opportunity to discuss how states are affected by OCS development and how revenue sharing can play a role in mitigating any impacts to infrastructure, social services, etc.
- Opportunity to highlight how Gulf States have successfully utilized revenue sharing for important state programs.

IMPORTANT NOTE: Legislation to expand revenue sharing has passed the House of Representatives (H.R. 2231, the Offshore Energy and Jobs Act) and has been introduced in the Senate. The most notable version of the Senate revenue-sharing bill is S. 1273, the Fixing Inequities with Revenues (FAIR) Act of 2013.

The Obama Administration (Pamela Haze, Deputy Asst. Sect. for Budget, Finance, Performance and Acquisition for DOI) testified before the Senate Energy and Natural Resources Committee in July 2013. In her opening statement, Haze stated, "The revenue sharing provisions of S. 1273 would ultimately reduce the net return to taxpayers in every state from the development of offshore energy resources owned by all Americans…In addition, the bill does not appear to be targeted to achieve clear conservation or energy policy outcomes. For these reasons, the Administration cannot support this bill." The Congressional Budget Office estimated that S.1273 "would increase direct spending by approximately $6 billion over the 2015-2023 period."

While it is unlikely the Obama Administration would support other revenue-sharing bills if they were similar to the FAIR Act, Sec. Jewell and Deputy Interior Secretary Nominee Michael Connor have stated in congressional testimony that they would be open to a general conversation on revenue sharing with Congress.

Background:

Currently, offshore revenue-sharing as provided under the Gulf of Mexico Energy Security Act (2006) only extends to the four states (Texas, Louisiana, Mississippi and Alabama) included in the original legislation. Alaska, Virginia, North Carolina and other states that are either developing offshore resources or are exploring the potential are not provided revenue-sharing under current law.

Revenue-sharing is provided for onshore energy development and in many energy-producing states it provides significant funds to state and local governments. In fiscal year 2013, the federal government collected $14.2 billion in revenues from mineral development on public lands and waters. Eight-five percent of these revenues went to the U.S. Treasury and federal funds to the benefit of all U.S. taxpayers. Additionally, 34 states received $1.9 billion in shared onshore mineral development revenues – the lion's share going to states like Utah, New Mexico and Colorado that host significant oil, natural gas and coal production on federal lands. Even though revenues generated from offshore energy production in the Gulf of Mexico accounted for over 60 percent of the $14.2 billion generated, the federal government only returned $298,000 – or 0.0034 percent of revenue earned in the Gulf - to states and counties in the Gulf region that participate in the current revenue-sharing program.

Atlantic Access & The Path Forward

Background

Neither commercial oil and natural gas leasing nor seismic surveying has taken place in the Atlantic planning areas of the federal U.S. Outer Continental Shelf (OCS) since the 1980s, despite the advent of much more sophisticated data-collection technologies. As such, the available data on potential hydrocarbon resources in the Atlantic is very outdated.

In addition to high levels of industry interest in developing the Atlantic, public support for opening the region to oil and natural gas drilling has increased markedly. In Virginia, 80% of voters polled agreed that Virginia should open its waters to offshore drilling, and Virginia's bipartisan delegation – including its two Democratic U.S. Senators – have introduced and supported legislation that would commence leasing.

Leasing in the Mid-Atlantic OCS planning area – encompassing the waters off Delaware, Maryland, Virginia and North Carolina – had previously been proposed by the Department of the Interior (DOI). In 2008, the Bush Administration commenced the steps necessary to move forward with proposed Lease Sale 220 off Virginia, scheduling Lease Sale 220 for 2011 as part of the 2007-12 Five-Year Plan and proposing multiple Mid-Atlantic and South Atlantic lease sales in its proposed 2010-15 Five-Year Plan (which was eventually finalized as the 2012-17 Five-Year Plan). However, following the explosion aboard the Deepwater Horizon and subsequent blowout of the Macondo well in 2010, the Obama Administration announced the cancelation of Lease Sale 220, even though an Environmental Impact Statement had not been conducted, and did not include any Atlantic lease sales in the 2012-2017 Five-Year OCS Oil & Gas Leasing Program - effectively prohibiting leasing in the Atlantic until at least 2017.

Permitting Seismic Activity in the Atlantic

Citing the need for "the best available science" to pursue additional oil and natural gas development opportunities on the U.S. OCS, in the Conference Report accompanying the Fiscal Year 2010 Department of the Interior, Environment and Related Agencies Appropriations Act, Congress directed the former Minerals Management Service:

> "to conduct a Programmatic Environmental Impact States (PEIS) to evaluate potential significant environmental effects of multiple geological and geophysical activities in the Atlantic OCS and provide a detailed timeline for completion of the PEIS no later than 90 days after enactment of this Act."

In response to the Conference Report, the Assistant Secretary for Policy, Management and Budget, Rhea Suh, at MMS (now the Bureau of Ocean Energy Management) provided a timeline of activities that would establish a PEIS. The timeline noted that a Record of Decision on a Final PEIS would be issued on **April 13, 2012.**

At the time, some claimed this nearly two and a half year timeframe demonstrated that the Obama Administration sought to delay drilling in the Atlantic. However, further delays were on the horizon.

As the agency began its scoping meetings in the spring of 2010, Bureau of Ocean Energy Management (BOEM) officials continued to state that a record of decision on the PEIS would be issued by mid-2012. However, in the wake of the Deepwater Horizon spill in 2010, the agency's deadline began to slip, significantly, even though the PEIS concerned seismic activity, not oil and gas drilling.

Major Steps in PEIS Development	Initial Proposed Date of Completion (MMS, Feb 2010)	Current Timeline as Published by BOEM	Delay Time
PEIS Process Commenced	January 28, 2010	---	---
Draft EIS Completed	July 15, 2011	March 2012	229 Days
60-Day Comment Period Initiated	October 31, 2011	March 30, 2012	151 Days
Final EIS Published	February 1, 2012	January 3, 2014 (Not Published as of 2/10/14)	702 Days
Record of Decision Issued	April 13, 2012	March 28, 2014* (Initially Proposed)	**714 Days**

*Although BOEM published an updated timeline estimating a Record of Decision to be completed by March 28, 2014, for unknown reasons BOEM has since removed this target date and any reference to a Record of Decision from the timeline.

As the chart demonstrates, the BOEM has delayed the finalization of this process by **nearly two years** and the total process of developing and finalizing the PEIS – from initial scoping meeting to a final decision – will have taken **four years and two months to complete.**

Leaders Question Delay & Urge Swift Finalization

As the timeline for completion lapsed, federal and state leaders have continued to press DOI to finalize the PEIS as quickly as possible, including through the following recent pronouncements:

- H.R. 2231, the "Offshore Energy & Jobs Act:"
  - Passed in the U.S. House of Representatives by a bipartisan vote of 235-186 on June 28, 2013.
  - Sec. 603 Seismic Testing in the Atlantic Outer Continental Shelf.
    - "No later than December 31, 2013, the Bureau of Ocean Energy Management shall publish a record of decision on the Atlantic G&G Programmatic Final Environmental Impact Statement."
- U.S. Representative Jeff Duncan (R-SC) and U.S. Representative Robert Wittman (R-VA) in a letter to President Obama in March 2013:
  - "We are writing to urge that your Administration act to diligently complete the long-delayed Environmental Impact Statement (EIS) for the conduct of a safe, environmentally protective assessment of the oil and natural gas resources offshore the Atlantic outer continental shelf (OCS)."
- Outer Continental Shelf Governors Coalition in a July 17, 2013 Letter to Congress:
  - "The OCS Governors Coalition supports…improving understanding of potential energy resources in the OCS." Further, "[In 2010], DOI responded that a Final PEIS would be issued in April 2012. A final PEIS has yet to be issued."
- North Carolina Governor Pat McCrory in a July 16, 2013 Letter to DOI Secretary Sally Jewell:
  - "While my administration is eager to commence offshore energy development, several federal regulatory hurdles prevent us from moving forward. In particular, the Department of the Interior and the Bureau of Ocean Energy Management has yet to complete a long-awaited Programmatic Environmental Impact Statement (PEIS) that will guide the permitting of seismic activity in the Atlantic OCS."

How Delay Affects the Future Prospects for the Atlantic

Delaying the finalization of the PEIS by nearly two years could have significant ramifications on the near-term outlook for Atlantic energy development. DOI has suggested that new seismic data on the resource base will be needed prior to including new areas in a leasing program. If DOI upholds this decision to wait for seismic data to become available before considering new areas for a five-year plan, the delay in the PEIS finalization may ultimately and unnecessarily delay any drilling activity in the Atlantic until 2022 and beyond. However, DOI could proceed with including areas of the Atlantic in the next five-year plan, making leases available as seismic data become available. If the PEIS is completed quickly, then subsequent seismic data gathering could allow these areas to be offered in lease sales – thereby making it unnecessary to wait for 2022 and beyond.

According to Section 18 of the Outer Continental Lands Act, the DOI Secretary "shall prepare and periodically revise, and maintain an oil and gas leasing program to implement the policies of this Act." The law then goes on to describe the major regulatory steps, including public comment periods and congressional reviews that the Secretary must complete as part of the Five Year Oil & Gas Leasing Program.

While no statutory deadlines exist for these individual steps in the process, the next Five-Year Plan for 2017-2022 must be finalized by the middle of 2017 when the current 2012-2017 plan expires. Given the multiple regulatory steps involved in developing a Five-Year Plan, DOI usually commences the initial scoping stages two to three years before issuing a final plan. While the Department has not publically released its schedule for development of the next leasing program, scoping activities will likely begin in 2014.

Path Forward

Fortunately, there are some solutions at hand that can help ensure that the Atlantic is included in the next Five-Year Plan. The key is to echo these messages to Congress and the Obama Administration, encouraging them to pursue a sensible path that allows for Atlantic leasing in the 2017-2022 Five-Year Plan. Coastal governors, legislators, and other stakeholders should play a lead role in delivering the messages below to the Administration and to Congress.

Expedite the Completion of BOEM's Environmental Review

BOEM should expeditiously complete its review of the environmental impacts (the PEIS) of seismic activity in the Mid- and South Atlantic. The agency has spent nearly four years studying the issue, which is nearly two years longer than the agency initially predicted. Members of Congress, governors, and industry have urged DOI to swiftly finalize its work, but DOI timelines continue to slip.

> **Recommendation:** Continue to pressure the Administration and Members of Congress to expedite the completion of BOEM's environmental review in a manner that facilitates the prompt issuance of scientifically and legally defensible seismic permits.

New Seismic Before Proposing Leasing Isn't Necessary

Traditionally, the federal government proposes a lease sale based on a proper resource assessment. Statutes governing the development of a leasing program, however, do not require new seismic data before including a proposed lease sale in a Five-Year Plan. DOI could produce a Five-Year Plan for 2017-2022 that includes broad areas for potential lease sales, to be made available contingent on seismic data that demonstrates a promising resource base. If the PEIS is competed quickly, then subsequent seismic data acquisition could still be used to inform specific lease sales in 2017-2022 – so long as the Five-Year Plan allows for this possibility.

> **Recommendation:** Include potential leasing in the Atlantic in the 2017-2022 Five-Year Plan, doing so in a manner that allows forthcoming seismic data (upon completion of the PEIS) to inform specific lease sale proposals.

Commence Work Now On the 2017-2022 Five-Year Program

Under the Outer Continental Shelf Lands Act, the Administration can commence work on a new Draft Proposed Program (DPP) for offshore oil and gas leasing at any time. DOI can justify commencing work now on the 2017-2022 DPP based on the need to adequately address the input of governors, Members of Congress, and others who support Atlantic leasing and to ensure that proposed Atlantic leasing is included in the next Five-Year Plan, which must be finalized by the middle of 2017.

> **Recommendation:** Urge DOI to commence work now on the 2017-2022 DPP in order to adequately address the input of elected officials, coastal communities, and others who support leasing in the Atlantic and to ensure that proposed Atlantic leasing is included in the next Five-Year Plan, which must be finalized by the middle of 2017.

If governors, state legislators, industry, and other stakeholders can convince lawmakers and regulatory agencies to pursue these recommendations, then the probability of leasing in the Atlantic during the 2017-2022 Five-Year Plan increases significantly.

OCS Governors Coalition Messaging
Economic Benefits for OCS Development

Resources:

1. Wood Mackenzie, "U.S. Supply Forecast and Potential Jobs and Economic Impacts (2012-2030)"; http://www.api.org/newsroom/upload/api-us_supply_economic_forecast.pdf
2. Quest Offshore, "The Economic Benefits of Increasing U.S. Access to Offshore Oil and Natural Gas Resources in the Atlantic," http://www.noia.org/wp-content/uploads/2013/12/The-Economic-Benefits-of-Increasing-US-Access-to-Offshore-Oil-and-Natura....pdf
3. Northern Economics, "Potential National-Level Benefits of Alaska OCS Development"; http://www.northerneconomics.com/pdfs/ShellOCS/National%20Effects%20Report%20FINAL.pdf
4. American Petroleum Institute, State Facts Sheets; http://api.org/policy-and-issues/policy-items/jobs/energy-works
5. Quest, "U.S. Gulf of Mexico Oil and Natural Gas Industry Economic Impact Analysis"; http://issuu.com/oceanindustries/docs/gulf/1?e=8087554/2236456.
6. ICF International, "Strengthening Our Economy: The Untapped U.S. Oil and Gas Resources"; http://www.api.org/newsroom/upload/access_study_final_report_12_8_08.pdf.
7. American Petroleum Institute, "State of American Energy 2013"; http://www.api.org/~/media/Files/Policy/SOAE-2013/SOAE-Report-2013.pdf
8. U.S. Department of Energy, "Economic Impacts of Offshore Wind," Atlantic (http://www.nrel.gov/docs/fy13osti/57565.pdf) and Gulf of Mexico (http://www.nrel.gov/docs/fy14osti/60418.pdf)

Production Data:

*Data from the U.S. Energy Information Administration
http://www.eia.gov/dnav/ng/hist/n9010fx2a.htm; http://www.eia.gov/petroleum/data.cfm#crude

Federal Offshore Production of Crude Oil (thousand barrels per day)

OCS Region	2004	2005	2006	2007	2008	2009	2010	2011	2012
Gulf (PADD III)	1,462	1,279	1,293	1,282	1,157	1,562	1,544	1,316	1,260
Alaska (PADD V)	75	73	71	67	66	61	59	54	48
TOTAL	1,537	1,352	1,364	1,349	1,223	1,623	1,603	1,370	1,308

Federal Offshore Production of Natural Gas (billion cubic feet per day)

OCS Region	2004	2005	2006	2007	2008	2009	2010	2011	2012
Gulf (PADD III)	4,000	3,150	2,914	2,813	2,329	2,444	2,259	1,830	1,558

Economic Benefit Highlights

Alaska:

- An estimated 54,700 new jobs would be created by OCS-related development across the United States and sustained for 50 years. These jobs would result in an estimated $63 billion in payroll paid to employees in Alaska and an additional $82 billion in payroll paid to employees elsewhere in the United States. (Northern Economics)
- Federal, state and local governments would receive $193 billion in revenues, including $167 billion to the federal governments. (Northern Economics)

Atlantic:

- Atlantic OCS development is projected to reach over 1.5 million barrels of oil equivalent per day 11 years after initial production. (Wood Mackenzie)
- Atlantic OCS development could generate nearly 215,000 jobs in the Atlantic Coast region. Inland states outside the Atlantic coast region could see 63,950 new jobs. (Quest Offshore)
- Lease sales could generate $8 billion in government revenue over 16 years. (Wood Mackenzie)
- Atlantic oil and natural gas leasing could create more than 55,422 new jobs in North Carolina and add $4 billion in cumulative state government revenue from 2017-2035. (Quest)
- Atlantic oil and natural gas leasing could create more than 35,500 new jobs in South Carolina and add $3.7 billion in cumulative state government revenue from 2017-2035. (Quest)
- Atlantic oil and natural gas leasing could create more than 25,000 new jobs in Virginia and add $1.9 billion in cumulative state government revenue from 2017-2035. (Quest)

Eastern Gulf of Mexico:

- Eastern GOM resource development is projected to support over 160,000 jobs 18 years after initial lease sales. (Wood Mackenzie)
- Eastern GOM lease sales could generate $16 billion in government revenue over 16 years. Cumulative government revenue, including lease, royalty and federal income tax revenue is projected to be over $140 billion 18 years after initial lease sales, reaching approximately $17 billion per year the final year and growing. (Wood Mackenzie)

Gulf of Mexico - Current Economic Impact

- Employment (direct and indirect) in the Gulf (Texas, Louisiana, Mississippi, and Alabama) related to the Gulf of Mexico oil & gas industry was 175,000 in 2010. (Quest)
- Supported employment levels could exceed 320,000 in the four Gulf States by 2013 if more efficient permitting lead to increased activity. (Quest)

Industry-Wide

- For each direct job offshore, the industry supports three indirect and induced jobs onshore. (Quest)
- In 2010, the offshore oil & gas industry's expenditures and operating expenses were more than $25 billion. (Quest)
- The oil and gas industry spent $156 billion investing in America's infrastructure, accounting for almost 14% of all industries' U.S. capital expenditures from 2008-2013. (IHS)
- The oil & gas industry pays $86 million per day to the federal Treasury (rents, royalties, bonus, taxes), and pays an effective tax rate of 44.3%, higher than any other industry.(API, State of American Energy)

Offshore Wind Development

- The offshore wind industry in the Gulf of Mexico would support close to 22,500 jobs by 2030. Jobs supports by offshore wind are expected to be well compensated, with average annual earnings (including benefits) of $139,000 for onsite workers. (DOE, Gulf of Mexico)
- The Gulf's dense maritime infrastructure (e.g. ports and inland waterways) could lower operation and maintenance costs by reducing the distance that maintenance crews need to travel. (DOE, Gulf of Mexico)
- The offshore wind industry in the Southeast Atlantic Region (VA, NC, SC and GA) could support approximately 4,200 total jobs by 2020 and an average of 12,000 jobs thereafter through 2030. (DOE, Southeast Atlantic)

NATIONAL OCEAN POLICY

- Established pursuant to a July 2010 Executive Order following unsuccessful legislative efforts to pass major ocean policy legislation in three successive Congresses under both Democratic and Republican control, the policy directs federal entities to implement nine "national priority objectives"

- Effective policy implementation will "require clear and easily understood requirements and regulations, where appropriate, that include enforcement as a critical component"

- Interior Dept. decision to preclude even the possibility of oil and gas leasing in any new offshore areas through at least 2017 cited the National Ocean Policy Executive Order as justification

- Foundation of policy is a requirement that dozens of federal entities develop and implement a new planning initiative that the Interior Dept. has likened to a "national zoning plan" and which the Executive Order defines as a process that "*identifies areas most suitable for various types or classes of activities* in order to reduce conflicts among uses, reduce environmental impacts, facilitate compatible uses, and preserve critical ecosystem services" (emphasis added)

- "Coastal and marine spatial planning" is said to provide a process to "better manage" uses including commerce and transportation, oil and gas, renewable energy, mining, commercial and recreational fishing, tourism, and traditional hunting, fishing, and gathering

- Planning effort is to be implemented in every U.S. coastal region (including federal and state waters and potentially upland areas), with new "Regional Planning Bodies" developing plans and the new National Ocean Council overseeing the effort; federal agencies are directed to proceed even in regions where all states choose not to participate on a Regional Planning Body

- Policy also includes a "fundamental shift in the traditional way the Federal Government approaches management of the ocean, our coasts, and the Great Lakes" through its Ecosystem-Based Management (EBM) requirement; federal entities must incorporate EBM into their environmental planning and review processes by 2016

- Long-time NGO proponents of efforts to "facilitate appropriate and smart use of the ocean" through marine spatial planning are providing significant financial and human resources support

- Eighty-one commercial and recreational groups representing sectors including energy, agriculture, boating, commercial and recreational fishing, forestry, diving, highway infrastructure, home builders, shipping, and tugs and barges have formally requested that Congress act to pause National Ocean Policy implementation and examine potential impacts

- Congress in turn has voted 11 times to address National Ocean Policy concerns and conducted extensive oversight through hearings and investigations; NOAA continues to participate in the planning initiative even though Congress zeroed out their request for planning funds

- Lack of adequate legal analysis raises significant questions about conflicts between National Ocean Policy requirements and existing laws, regulations, and policies

Chip Kline

From:	Natalie Joubert <NJoubert@consumerenergyalliance.org>
Sent:	Thursday, March 06, 2014 3:50 PM
To:	Amy Dobson (AK); Chip Kline; Chris Champion (MS); Cindy Sims (AK); Dan Wilmot (TX); David E Holt; Elizabeth Bluemink (AK); Erin Gray (NC); Jeffrey Jones (AK); Jill Boxer (AL); Josh Baker (SC); Katherine Haltiwanger (SC); Katie Kalicki (TX); Kim Genardo (NC); Kip Knudson (AK); Mark Robbins (AK); Nate Hickman (TX); Nathan Butzlaff (AK); Nick Tew (AL); Randall Ruaro (AK); Sharon Leighow (AK); Stefanie Moreland (AK)
Cc:	Don Van der Vaart - Department of Environment and Natural Resources (donald.vandervaart@ncdenr.gov)
Subject:	OCSGC Documents - Follow-up from Feb 24
Attachments:	Summary of OCSGC Feb 2014 Meeting_Final.docx; PEIS Summary Final.docx

Dear OCS Governors Coalition Staff:

Governor McCrory's office has asked me to circulate the attached documents to you. The first attachment includes minutes from the February 24 meeting with Interior Secretary Jewell, media hits generated from the media availability and press release, and action items taken during the staff meeting.

The second attachment is a summary of the Programmatic Environmental Impact Statement (PEIS) for Atlantic seismic surveying, released last Thursday by the Bureau of Ocean Energy Management. The summary also discusses the relationship between seismic testing and the formation of the next five-year leasing program.

Finally, Governor McCrory's office will copy the group on a follow-up, "thank you" letter to Sec. Jewell's office regarding the recent meeting.

Sincerely,

Natalie

Natalie Joubert
Consumer Energy Alliance
1666 K Street NW, Suite 500
Washington, DC 20006
202.429.4931 (office)
Cell Phone No. Redacted!)

CONSUMER ENERGY ALLIANCE
THE VOICE OF THE ENERGY CONSUMER

Summary of OCS Governors Coalition
Winter Meeting in Washington, DC
February 24, 2014

(On Left, Interior Secretary Sally Jewell and Acting Assistant Secretary of Lands and Minerals Tommy Beaudreau speaking with (from center to right) Kip Knudson from Governor Parnell's office, Governor Robert Bentley of Alabama, Governor Pat McCrory of North Carolina and Governor Terry McAuliffe of Virginia)

Summary of Events

The Outer Continental Shelf (OCS) Governors Coalition held its first meeting of 2014 in Washington, DC in conjunction with the National Governors Association winter meeting. The day's events included a breakfast meeting, a one-hour briefing with U.S. Interior Secretary Jewell and senior Interior officials, a media availability and a staff-level meeting of the Coalition. This summary includes minutes from the meeting with Secretary Jewell, media coverage, and action items for the Coalition.

Participants – OCS Governors Coalition

<u>Governors</u>

- The Honorable Pat McCrory, Governor of North Carolina (Chair)
- The Honorable Phil Bryant, Governor of Mississippi
- The Honorable Robert Bentley, Governor of Alabama
- The Honorable Terry McAuliffe, Governor of Virginia

Surrogates

- Mr. Michael Morrissey, Deputy Chief of Staff and Senior Advisor
    - Office of Texas Governor Rick Perry
- Commissioner Scott Angelle, Louisiana Public Service Commission
    - On behalf of Louisiana Governor Bobby Jindal
- Mr. Kip Knudson, Director of State-Federal Relations
    - Office of Alaska Governor Sean Parnell

Staff Members

- John Skvarla, Secretary, NC Carolina Department of Environment and Natural Resources
- Don Van der Vaart, Energy Policy Advisor, NC Department of Environment and Natural Resources
- Chloe Gossage, Senior Policy Advisor, NC Governor Pat McCrory
- David Perry, Chief of Staff, AL Governor Robert Bentley
- Jennifer Ardis, Communications Director, AL Governor Robert Bentley
- Wesley Helton, Governor's Personal Aide, AL Governor Robert Bentley
- Jill Boxler, Director of Federal Relations & Policy Advisor, AL Gov. Robert Bentley
- Lucien Smith, Chief of Staff, MS Gov. Phil Bryant
- Chris Champion, Policy Advisor, MS Gov. Phil Bryant
- Maribel Ramos, Director of Intergovernmental Affairs, VA Gov. Terry McAuliffe
- Nathan Butzlaff, Associate Director of State-Federal Relations, AK Gov. Sean Parnell
- Michael Whatley, Executive Vice President, Consumer Energy Alliance
- Natalie Joubert, Vice President of Policy, Consumer Energy Alliance
- R.C. Hammond, Consumer Energy Alliance

Breakfast Meeting - Highlights

- Governor McCrory announced that he has accepted the position of Chair of the OCS Governors Coalition.
- Governor McCrory discussed possible candidates for Vice Chair.
- Prior to the meeting with Secretary Jewell, the governors discussed the desire to focus on: access to Atlantic seismic testing and leasing; expansion of revenue sharing; regulatory certainty; and the reestablishment of the OCS Policy Committee.

Meeting with the U.S. Department of the Interior – Attendees

- Secretary Sally Jewell, U.S. Department of the Interior (DOI)
- Tommy Beaudreau, Acting Assistant Secretary of Lands and Minerals Management and Director of the Bureau of Ocean Energy Management (BOEM)
- Brian Salerno, Director of the Bureau of Safety and Environmental Enforcement (BSEE)
- John Blair, Director of Intergovernmental and External Affairs

Minutes from the Meeting with the U.S. Department of the Interior
(Meeting Commenced at 8:10am ET; Closed to the Media)

Introductions:

- Governor McCrory led brief introductions of the governors and surrogates present. The governors' objective is to engage in dialogue with DOI and ensure more consistency and predictability with permitting and other policy decisions affecting the OCS.
- Beaudreau introduced himself, spending time discussing his father's background working in the oil fields of Prudhoe Bay. Beaudreau stated that he understands first-hand the economic benefits of energy production and the balance that is required to protect the environment.
- Salerno discussed his background in the Coast Guard, including time spent responding to the *Deepwater Horizon* blowout and spill.
- Jewell discussed her background working on the Trans-Alaska Pipeline System and with Mobil Oil during her university years and early career. Following, she spent much of her career in the banking industry, including her role as the lead banker for Northwest Arctic Native Association (NANA).
- Request from Sec. Jewell: Jewell noted that much of her senior staff, including two assistant secretaries and a deputy secretary, has not yet been confirmed by the U.S. Senate. Jewell inquired if the governors could assist in influencing the process.
    - Action Item: The governors in attendance agreed to discuss on an individual basis with their respective state's senators about the need to move forward on nominations. The Coalition agreed not to collectively support nominees. [Note: In the interim, the U.S. Senate confirmed Michael Connor to be the Deputy Secretary of Interior.]
- Jewell stated that DOI does not exist "to get in the way of [energy development]." Rather, her job is to "make sure it's done right." She values how energy development is an important driver of the U.S. economy.

Discussion on Atlantic Access:

- Coalition inquired about the status of the Programmatic Environmental Impact Statement (PEIS) for seismic activity in the Atlantic:
    - Beaudreau stated that the Final PEIS would be released on Thursday, February 27. The document will include a suite of mitigation measures that will ask the seismic industry to "up their game." Beaudreau and Jewell iterated multiple times that seismic activity is under greater scrutiny from environmental organizations. As such, DOI has produced a PEIS that provides the framework to ensure effective mitigation measures, such as requiring passive acoustic monitoring as opposed to onboard protected species observers. Jewell also referenced the need to "up the game" on mitigation measures given the noted concerns that whale, porpoise, and turtle populations in the Pacific Northwest suffered as a result of U.S. Navy sonar activities.
    - The governors asked if the PEIS has been written in a way that will allow seismic companies to meet the expectations for mitigation. Beaudreau stated that a

seismic company has already been meeting with the National Oceanic and Atmospheric Administration (NOAA) and will be able to meet the requirements. This company should be able to begin acquiring data as soon as this fall.

- Coalition inquired about the need to parallel track seismic acquisition with leasing:
  - Beaudreau responded that he understands that seismic contractors will go forward with data acquisition even if lease sales are not scheduled at that time. Oil & gas companies have expressed an interest in the data, regardless of when a lease sale is scheduled.
  - Beaudreau further confirmed that DOI can proceed in a parallel path to collect seismic data and consider leasing in the 2017-2022 leasing program. However, he stated that ultimately leasing in the Atlantic will be a decision made by the Secretary of the Interior, but in consultation with the governors over the next few years.

Discussion on 2017-2022 Five-Year Leasing Program

- Coalition inquired about the federal-state communication during the development of the five-year plan:
  - Beaudreau stated that DOI will begin the initial stages of development of the next five-year plan this spring and summer.
  - Beaudreau stated that there will be formal engagements with the governors as required under the OCS Lands Act. Additionally, DOI is open to "informal engagements."
- Coalition inquired about access to new areas in the next plan:
  - Beaudreau stated that the only moratorium that currently exists is in the Eastern Gulf of Mexico until June 2022.
  - In terms of the Atlantic, Beaudreau and Jewell clarified that there is not a moratorium. Previously, Lease Sale 220 off Virginia was canceled. Beaudreau stated that ultimately conflicts with the Navy and military exercises in the Atlantic were the reason why DOI canceled Lease Sale 220.
  - For the Atlantic, DOI, in conjunction with the states, needs to work with the U.S. Department of Defense (DOD) to "deconflict" issues of multi-use. Two DOD committees dedicated to this issue have been established. Jewell noted that offshore wind in the Atlantic has encountered many of the same multi-use challenges with military use and shipping lanes.
    - <u>Action Item:</u> Governor McAuliffe confirmed that Virginia's Sectary of Homeland Security is willing to work with DOD and DOI on these deconfliction issues.
- Coalition discussed their concerns with leasing and development in coastal waters:
  - Governor Bentley noted that he has instituted his own moratorium on leasing in Alabama's three-mile coastal waters due to viewshed concerns with the area's tourism industry.
- General discussion on working with governors to better educate them during development of five-year plan:

- Action Item: Jewell encouraged the governors to be proactive on education, meeting with industry, environmental groups and regulators. Salerno noted the opportunity to hold a "fieldtrip" with BSEE to learn more about safety standards.

Discussion on Revenue Sharing:

- Coalition discussed their support for expanded revenue sharing to affected states and the need to lift the cap on the Gulf of Mexico Energy Security Act (GOMESA) Gulf States:
  - Jewell stated that any changes to revenue sharing remain a legislative issue. She understands that coastal states benefit economically in terms of employment, state taxes on employees and ancillary industries. However, Jewell also acknowledged that states can be affected in the event of spill, referencing Governor Bentley's example of the impact of the *Deepwater Horizon* spill on Alabama's tourism economy.
- Coalition inquired what type of revenue sharing bill President Obama would sign:
  - Jewell responded that she has not discussed revenue sharing with the White House, Treasury Department nor the Office of Management and Budget. She would encourage the governors to meet with the Treasury Department and/or the Office of Management and Budget to help answer this question. She did note that revenue sharing might represent a heavy lift.
- Coalition discussed the various legislative proposals available, including H.R. 2231, Offshore Energy and Jobs Act and S. 1273, the Fixing America's Inequities with Revenues (FAIR) Act, and noted the governors' support for measures to address revenue sharing legislatively.

Discussion on Regulatory Certainty:

- Coalition discussed the need for greater certainty about regulation and greater participation by state governments and industry in the development of new regulations. Scott Angelle (Louisiana) noted that following the *Deepwater Horizon* spill, the federal government moved forward with regulations without sufficient input from industry. Angelle recommended that DOI pursue upfront comprehensive workshops with industry and state governments to identify and remedy any unintended consequences of a rule before it is finalized:
  - Salerno noted that BSEE needs greater dialogue and will be pursuing a more coordinated approach with industry, academia and government. Salerno noted that actions related to BAST (Best Available and Safest Technologies) post-*Deepwater Horizon* illustrate the more deliberative process that BSEE will be pursuing.

Discussion on OCS Policy Committee:

- Coalition asked about the possibility of reestablishing the OCS Policy Committee, in which the coastal governors would be able to advise the Secretary on all leasing and policy decisions affecting OCS energy development:
  - Beaudreau advised against the committee given his view of the constraints that a Federal Advisory Committee Act (FACA) committee typically generates. He

    - believes that a FACA committee is too formal and not the best way to hold these conversations.
- Coalition then inquired if the OCS Governors Coalition could be a venue to continually engage with DOI:
    - Jewell noted that the governors will need to be proactive in engaging DOI.

(Meeting Concluded at 9:10am ET)

Media Availability – Highlights and Coverage

Coalition Participants:

- Governor Pat McCrory (North Carolina)
- Scott Angelle (Louisiana)

Media Participants:

- *The Hill*
- *Energy & Environment News*
- *Washington Post*
- *McClatchy Newspapers*

Highlights from Governor McCrory's Statements:

- Governor McCrory stated that the governors reviewed with Secretary Jewell the release of the Programmatic EIS for Atlantic seismic, Atlantic leasing, regulatory certainty, revenue sharing, and ongoing communication and input from the governors on federal leasing decisions.
- Governor McCrory stated that he anticipates that the PEIS will be released "in the very near future."
- In response to a question about Senator Landrieu (D-LA) and her new role as Chair of the Energy & Natural Resources Committee, Governor McCrory responded that he believes her leadership is a positive development for the expansion of revenue sharing. Governor McCrory also noted that having Governor McAuliffe and Virginia's two U.S. Senators in support of revenue sharing will also positively influence the trajectory of revenue sharing.
- In response a question about Governor McAuliffe's participation in the meeting, Governor McCrory noted that Governor McAuliffe was very engaged and active in the discussion, and that the two governors have discussed coordinating on issues of military, fishing and shipping compatibility with offshore energy development, both traditional and renewable.
    - Note: Governor McAuliffe upon exiting the meeting confirmed with a *Washington Post* reporter that he is joining the OCS Governors Coalition.
- In response to a question about offshore wind, Governor McCrory confirmed that he supports offshore wind but needs to ensure that it does not affect military operations.

Media Hits

The media availability and Governor McCrory's press release have generated over 30 media hits since Monday, February 24. A listing of coverage complete with hyperlinks is below.

Outlet	Headline & Link
The Washington Post	Gov. McAuliffe pushes for more offshore drilling
The Washington Post	McAuliffe will join coalition pushing for off-shore drilling
Energy & Environment News	Governors press Jewell on seismic tests in Atlantic
The Daily Dispatch	McCrory visits with Interior secretary
WRAL.com	McCrory visits with Interior secretary
The Rocky Mount Telegram	McCrory visits with Interior secretary
WNCT	NC governor visits with Interior secretary
CharlotteObserver.com	NC governor visits with Interior secretary
Find Law	NC governor visits with Interior secretary
FOX Carolina - WHNS 21	NC governor visits with Interior secretary
WECT TV6	NC governor visits with Interior secretary
WNCN	NC governor visits with Interior secretary
WBTV 3 News	NC governor visits with Interior secretary
The-Dispatch.com	NC governor visits with Interior secretary
GoErie.com	NC governor visits with Interior secretary
TheLedger.com	NC governor visits with Interior secretary
BlueRidgeNow.com	NC governor visits with Interior secretary
StarNewsOnline.com	NC governor visits with Interior secretary
The Daily Advance	NC governor visits with Interior secretary
The Daily Reflector	NC governor visits with Interior secretary
Heraldonline.com	NC governor visits with Interior secretary
NewsDaily	NC governor visits with Interior secretary
WNCN	Gov. McCrory visits with Interior secretary
OregonLive.com	Coastal-state governors push for new offshore drilling
The Daily News, Jacksonville	Coastal Governors meet with Interior Secretary on offshore energy expansion
The News & Observer	McCrory, other governors press for seismic testing off coastlines
The News & Observer	McCrory: Across-the-board raises for teachers depends on Medicaid rolls
The Rocky Mount Telegram	Gov. Pat McCrory visits with Interior secretary
Charlotte Business Journal	McCrory, coastal governors press offshore drilling in Washington
Hot Air	McAuliffe joins coastal governors pushing Interior Department for offshore drilling exploration
WAMU 88.5 - American University Radio	Analysis: McAuliffe Joins Republicans In Calling For Offshore Drilling
OregonLive.com	Coastal-state governors push for new offshore drilling

Staff Meeting – Action Items:

- Coalition to write "thank-you" letter to Secretary Jewell, highlighting what was discussed and addressing other items that the Coalition did not have sufficient time to address in the meeting.
- Coalition to summarize the PEIS for Atlantic seismic activity now that it has been released. Additionally, the Coalition may hold a brief teleconference with governors' staff to review the PEIS, what it means for industry and what the next steps in the process are.
- Coalition to remind individual offices of the request from Secretary Jewell that each governor encourage his state's U.S. Senators to move forward on pending DOI nominations.
- Coalition to examine next meeting in the Gulf Coast with the possibility of a rig tour, meeting with the Ocean Energy Safety Institute, meeting with BSEE and BOEM regulators in the region, and a field hearing with the U.S. House Natural Resources Committee. (Previously, a field hearing was scheduled for October 2013 in Biloxi but was canceled due to the federal government shutdown).
- Coalition to examine possible actions relating to a potential mark-up of S.1273, the FAIR Act, in the near future.
- Coalition to follow-up with Governor McAuliffe's office to finalize his participation in the Coalition.

Programmatic Environmental Impact Statement for Atlantic Geological & Geophysical Activities for the Mid- and South-Atlantic

Summary of Document & Next Steps

Executive Summary:

On February 27, 2014, the Bureau of Ocean Energy Management (BOEM) published its final Programmatic Environmental Impact Statement (PEIS) of geological and geophysical survey activities (commonly referred to as "seismic" surveying) for the Mid- and South-Atlantic Outer Continental Shelf (OCS). Seismic surveying of the region is necessary to update data on the available oil and natural gas resources and provide industry and policy makers greater certainty about the availability of oil and natural gas recovery.

The PEIS does not permit individual seismic surveyors to acquire data. Rather, the document is the first step in a process that guides how the agency may permit seismic surveyors and what mitigation measures will be required of companies to ensure operations do not significantly affect the environment. The PEIS outlines a series of mitigation measures and safeguards that will be required of seismic surveyors when applying to acquire data. Once the BOEM issues a "Record of Decision" on the final PEIS, the agency may begin reviewing applications from seismic companies.

In its Final PEIS, the BOEM's preferred alternative for activity is the most protective in terms of mitigation measures that will be required of applicants. According to BOEM, these include, "requirements to avoid vessel strikes, special closure areas to protect the main migratory route for the endangered North Atlantic Right Whale, geographic separation of simultaneous seismic airgun surveys, and Passive Acoustic Monitoring (PAM) to supplement visual observers and improve detection of marine mammals prior to and during seismic airgun surveys."

Upon publication of the document, BOEM must wait at least 30 days before issuing a Record of Decision. The final PEIS is available for public comment until April 7, 2014.

Timeline:

Citing the need for "the best available science" to pursue additional oil and natural gas development opportunities on the OCS, in the Conference Report accompanying the Fiscal Year 2010 Department of the Interior, Environment and Related Agencies Appropriations Act, Congress directed the former Minerals Management Service to conduct a Programmatic Environmental Impact Statement. Initially, the Department of the Interior anticipated that the final PEIS would be completed by April 2012. However, BOEM has noted upon release of the final PEIS that the delays were necessary to carefully consider new information on marine wildlife from the National Marine Fisheries Service (NMFS) and best integrate the many comments received from various stakeholders.

Following the issuance of the final PEIS, the BOEM will allow public comments on the report through April 7, 2014. After the 30-day waiting period concludes, the BOEM may make a Record of Decision on the final PEIS. Once a Record of Decision is confirmed, BOEM may move forward with evaluating the 9 pending applications that seismic companies have submitted to BOEM. It remains unclear at this point in time whether any or all of those pending applications will need to be modified to account for new mitigation measures.

During an applicant's review, the BOEM must complete an Environmental Assessment that utilizes the final PEIS to determine if the application meets the mitigation requirements as outlined in the PEIS. In addition to securing permits from BOEM, seismic companies will need to apply for permits from NMFS (under the U.S. Department of Commerce, National Oceanic and Atmospheric Administration (NOAA)) for any potential impacts that operations may have on marine mammals and protected species.

During the OCS Governors Coalition meeting with Secretary Jewell, BOEM Director Tommy Beaudreau noted to the Coalition that he understands that a certain seismic company, which has already been meeting with NMFS about its program, could be able to begin surveying as early as fall 2014. The seismic industry estimates that it could take 12-18 months to collect and analyze data in the Mid- and South-Atlantic.

Timeline – Five-Year Leasing Program:

Even if seismic companies could begin collecting data today, the data will likely not be available by the time scoping begins for the next five-year oil and gas leasing program later this year. Traditionally – but not statutorily, the Department of the Interior (DOI) has only included proposed leases in the five-year plan in new areas where updated seismic data is available and can inform DOI as to what specific areas on the OCS demonstrate the greater potential for oil and natural gas recovery. However, the OCS Governors Coalition has encouraged DOI to move forward on a parallel track permitting seismic acquisition while also considering leasing opportunities in the Atlantic in the next five-year leasing program. BOEM Director Beaudreau acknowledged while meeting with the Coalition that he understands that DOI can proceed in a parallel path to collect seismic data and consider leasing in the 2017-2022 leasing program. However, he stated that ultimately leasing in the Atlantic will be a decision made by the Secretary of the Interior, but in consultation with the governors over the next few years.

Mitigation Measures Included in Final PEIS:

In the final PEIS, BOEM chose Alternative B, which BOEM noted included the more stringent mitigation measures that would be required of surveyors. The likely intent of such measure is not to only to protect the environment, but DOI likely pursued this alternative to ensure the agency issues legally defensible permits to seismic surveyors. In other words, the higher threshold for mitigation measures minimizes the risk of litigation from opposition groups or minimizes the risk of successful litigation. Industry analysts continue to evaluate the document to determine if the requirements would pose an excessive burden on seismic surveyors to the extent that seismic activity may not proceed. As outlined below, BOEM did increase the mitigation measures in place in its final PEIS, as compared to the draft PEIS.

North Atlantic Right Whale Time-Area Closure

- Compared to Alternative B in Draft PEIS, Alternative B Final PEIS increases geographic size of seasonal time-area closure for North Atlantic Right Whales for seismic surveys by 10.2% [from 14,413,356 acres (7% of total Area of Interest) to 15,888,503 acres (7.5% of total Area of Interest)].

- In addition to Nov. 15-Apr. 15 exclusion of G&G surveys using airguns in North Atlantic Right Whale critical habitat area, Final PEIS more clearly states the time during which G&G surveys using airguns will not be authorized in: (1) the Mid-Atlantic and Southeast U.S. Seasonal Management Areas and the expanded (compared to proposed Alternative A) closure areas (Nov. 1-Apr. 30); and (2) the expanded Southeast U.S. Seasonal Management Area (Nov. 15-Apr. 15).

- G&G surveys using airguns would not be allowed in active Dynamic Management Areas.

- Airgun surveys conducted outside of critical habitat, Seasonal Management Areas, or Dynamic Management Areas would be required to maintain a distance such that received levels at those boundaries do not exceed Level B harassment threshold.

Geographic Separation Between Simultaneous Airgun Surveys

- Compared to Alternative B in Draft PEIS, under Alternative B in Final PEIS, BOEM will consider rather than require establishment of a 40-km (25-mile) separation distance between sources of simultaneously operating seismic airgun surveys.

- Final PEIS notes that new information suggests airgun noise in some circumstances can be detected at great distances from the sound source, but that it is not known whether such detection has any effect on marine mammals/species.

- BOEM to consider the value of a 25-mile separation at the site-specific NEPA/environmental analysis stage (as well as consider any new information then available); BOEM may thus not apply this mitigation measure programmatically.

- Subsequent evaluations to consider any potential aggregate effects from existing permitted surveys (if any).

Seismic Airgun Survey Protocol

- Increases "all clear" period for ensuring absence of marine mammals or sea turtles within the acoustic exclusion zone from 30 minutes to 60 minutes.

Adaptive Management Process

- BOEM to develop an adaptive management process to apply to its selected alternative.

- Changes to mitigation requirements could increase or decrease.

- Specific areas of information development that may bear on the evaluation of future permit and authorization applications and the adaptive management process include:
  - NOAA Cet Map and CetSound Project (to create maps and identify areas of specific importance to cetaceans)
  - Atlantic Marine Assessment Program for Protected Species (information on distribution and abundance of marine mammals, marine turtles, and sea birds)
  - Multipurpose Marine Cadastre (integrated marine information system)
  - Designations of species and protected areas or identified areas of biological importance (i.e. proposed loggerhead sea turtle ESA listing, acoustic setbacks from marine sanctuary)
  - National Marine Fisheries Service acoustic criteria

Vessel Strike Avoidance

- Increases minimum separation distance between vessels and North Atlantic Right Whales (when sighted) from 1,500 ft. to 1,640 ft.

- Establishes minimum separation distance between vessels and whales other than North Atlantic Right Whales (when sighted) from 300 ft. to 328 ft. (previous 300 ft. proposed boundary applied to any whale other than NARW, while new 328 ft. boundary applies to any ESA whale other than NARW).

- Establishes minimum separation distance between vessels and all other marine mammals of 164 ft.

- Increases minimum separation distance between vessels and sea turtles from 150 ft. to 164 ft.

Summary of Impacts

- Impacts of active acoustic sound sources on fish sources and Essential Fish Habitat revised from "minor" to "minor to moderate."

- Impacts of seafloor disturbance and accidental fuel spills on commercial fisheries revised from "negligible" to "negligible to minor."

- Impacts of accidental fuel spills on recreational fisheries revised from "negligible" to "negligible to minor."