



E3 Special Series:

At the Crossroads: US Offshore Drilling Policy, the Economy and the Environment

Course Instructor:

Andy Radford

Sr. Policy Advisor

American Petroleum Institute

Washington, DC



- The Voice for Women in Business in our Nation's Capital.
- National nonpartisan public policy organization representing over half a million Women Business Owners including over 49 business organizations.
- Advocates for and on behalf of women and minorities in business.
- Thirty-one local Instant Impact teams across the country engaging with legislative officials and the business community to advocate for Women Business Owners.

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The E3 Program:

National program from WIPP's "Women, Money and Opportunity: Powered by WIPP" series.

The E3 program is designed to educate entrepreneurs on how energy and environmental issues affect business and the opportunities they present.

www.EntrepreneursAndEnergy.com



Special Introduction:

June Ressler

President

Cenergy International Services
& WIPP National Founding Partner

www.CenergyIntl.com



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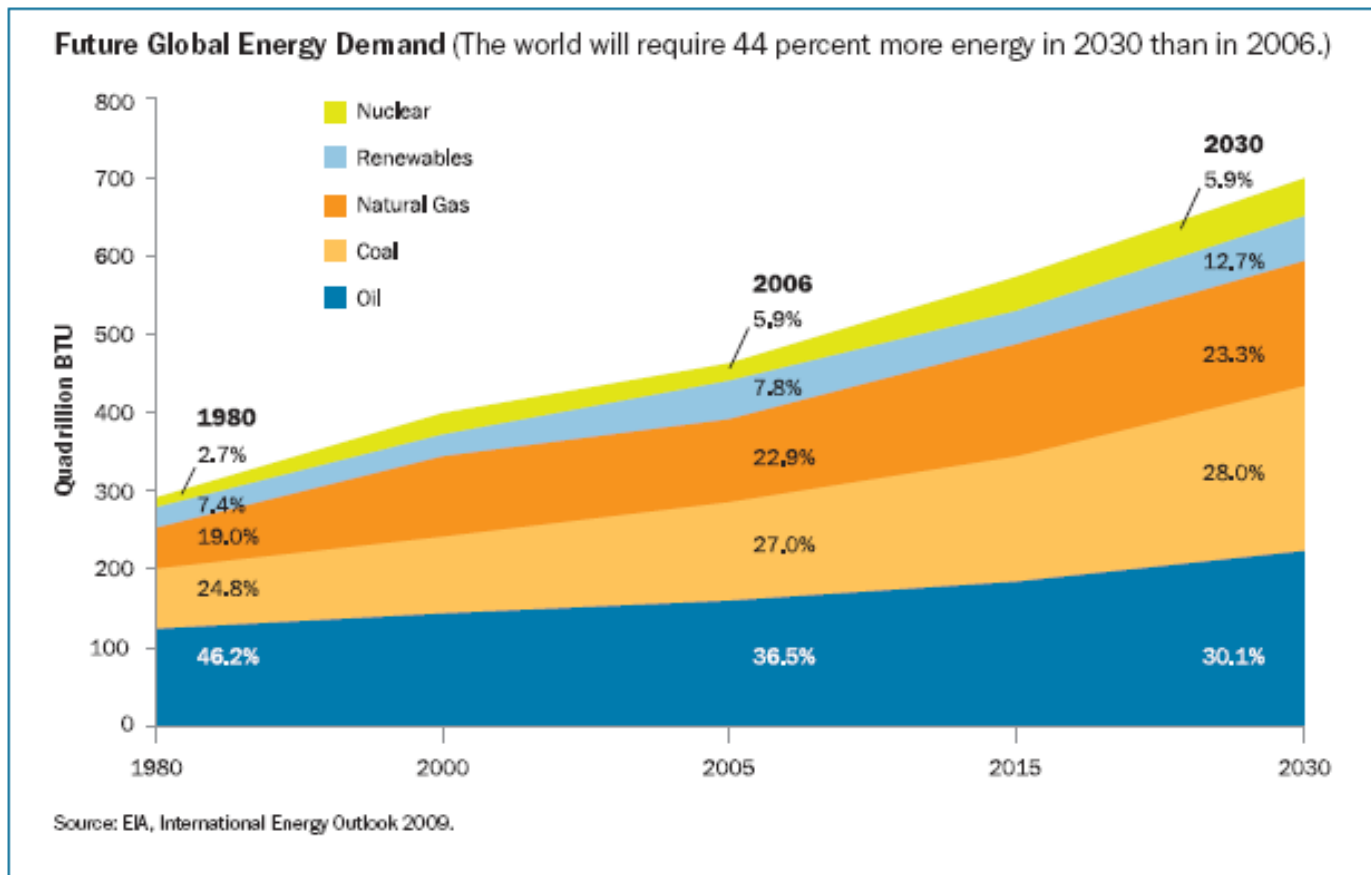


Course Goals

- Why do we need to pursue offshore oil and natural gas?
- Administration OCS Policy
- Impact of Gulf of Mexico incident
- Future OCS Policy decisions

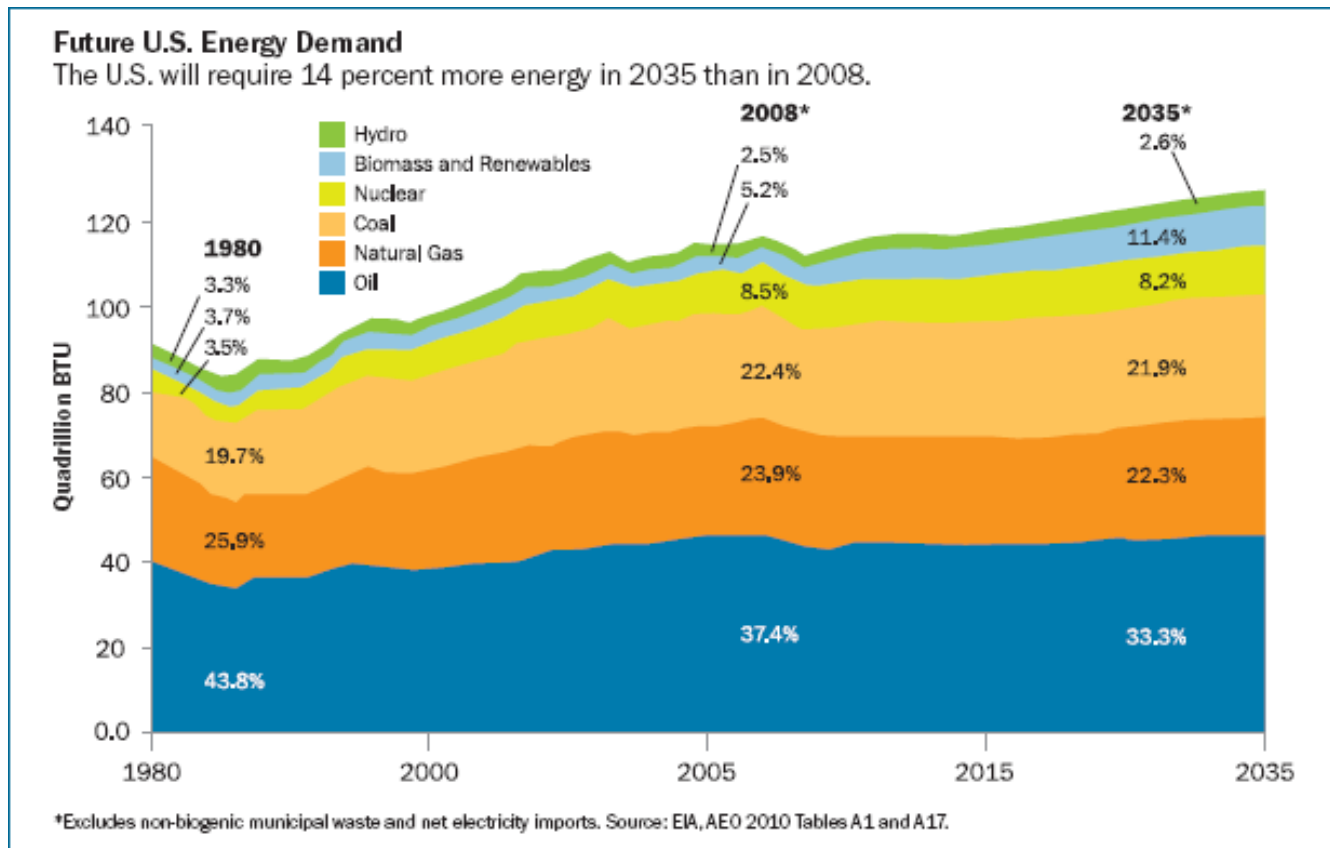


Global Demand Growth



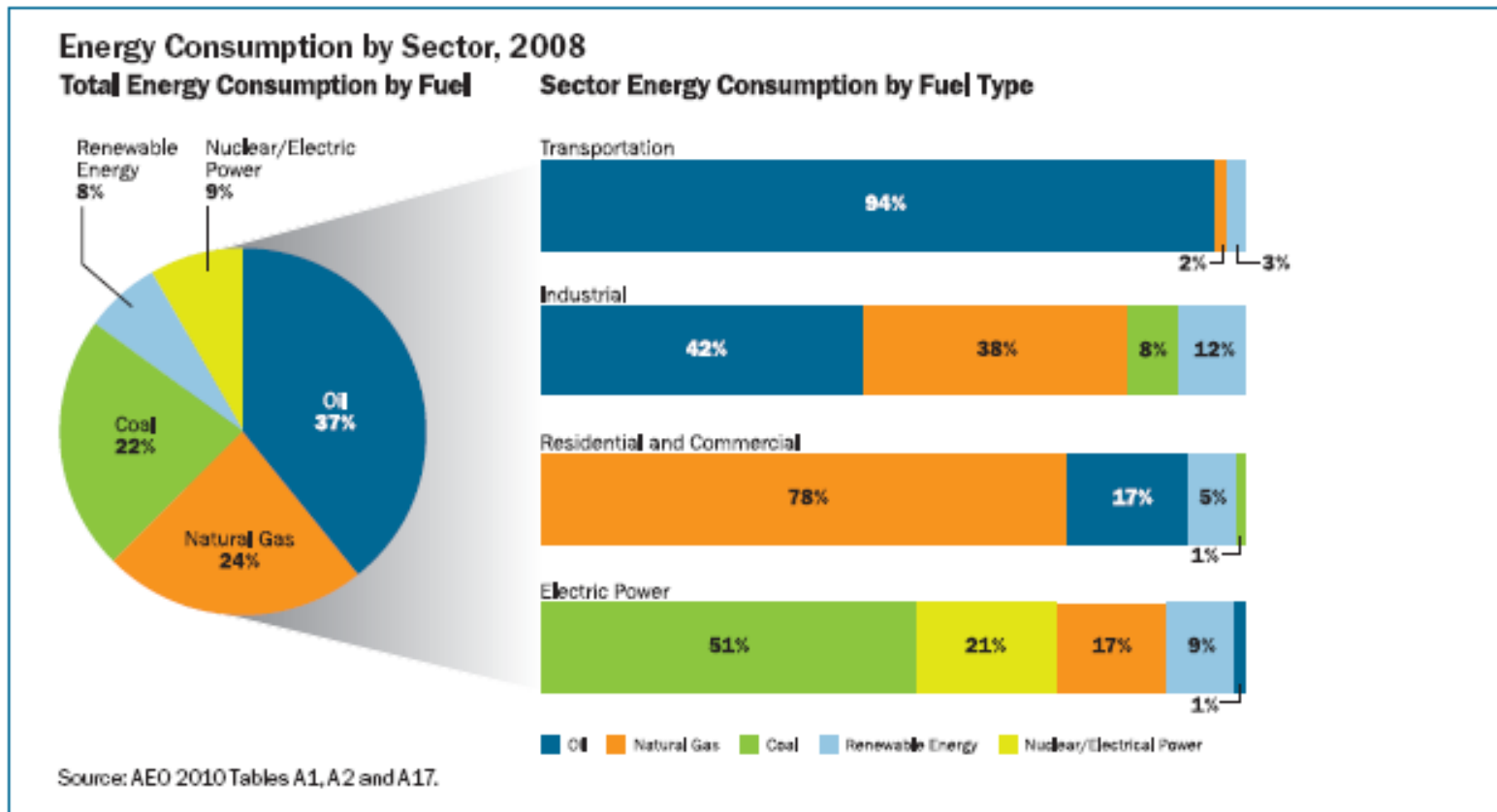


Importance of Continued Oil and Gas Development



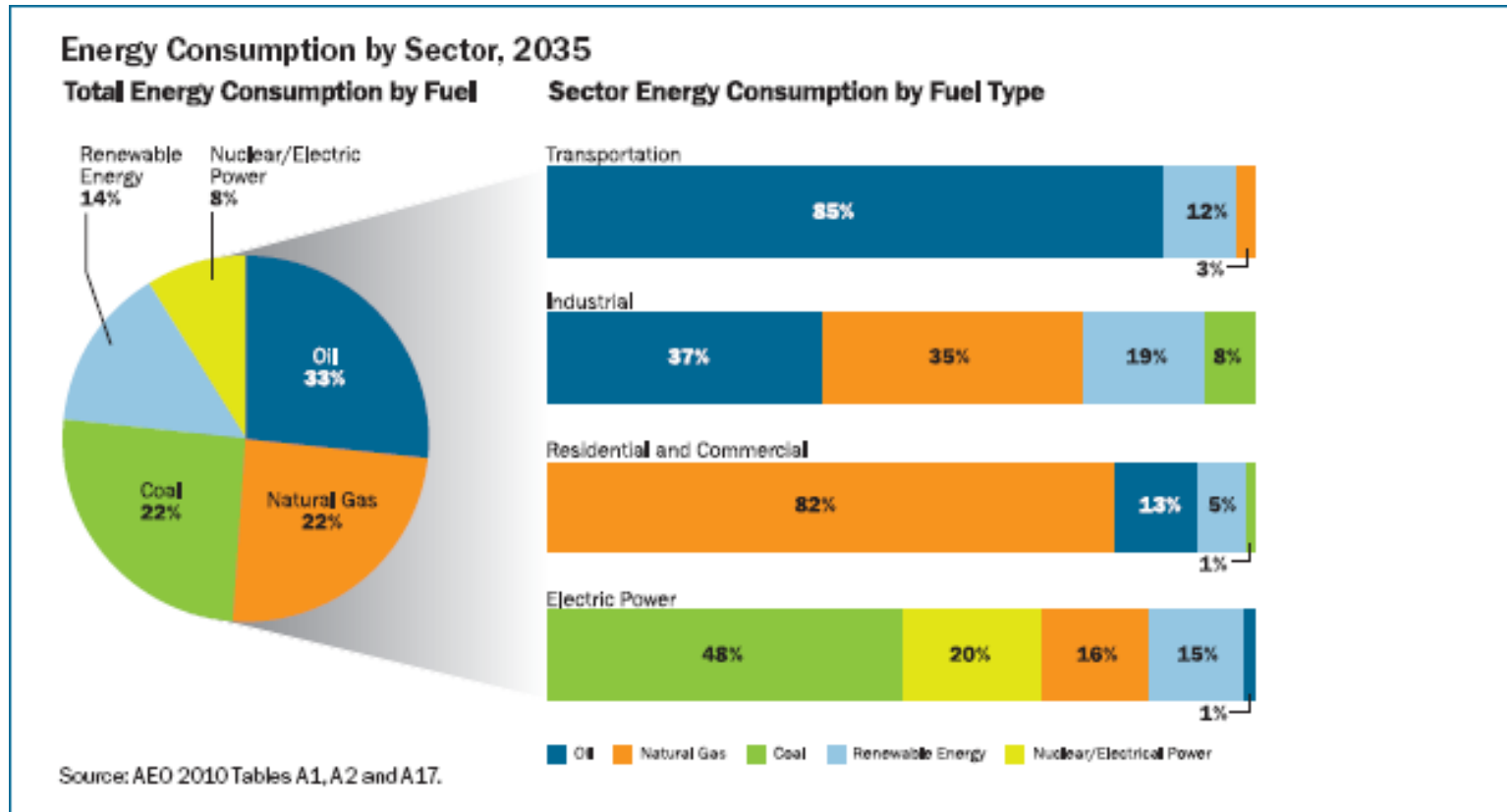


U.S. Energy Use – 2008



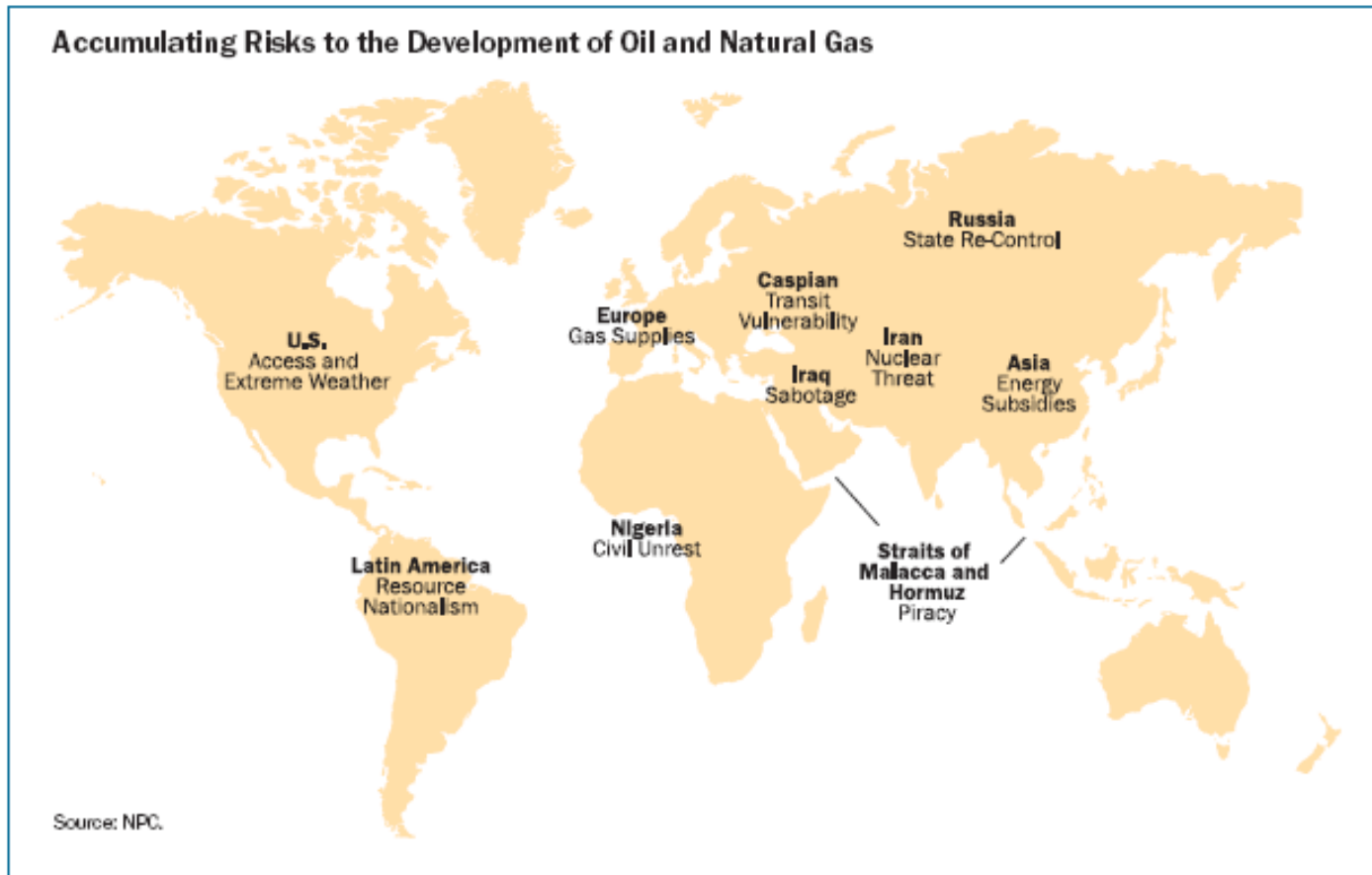


U.S. Energy Use – 2035





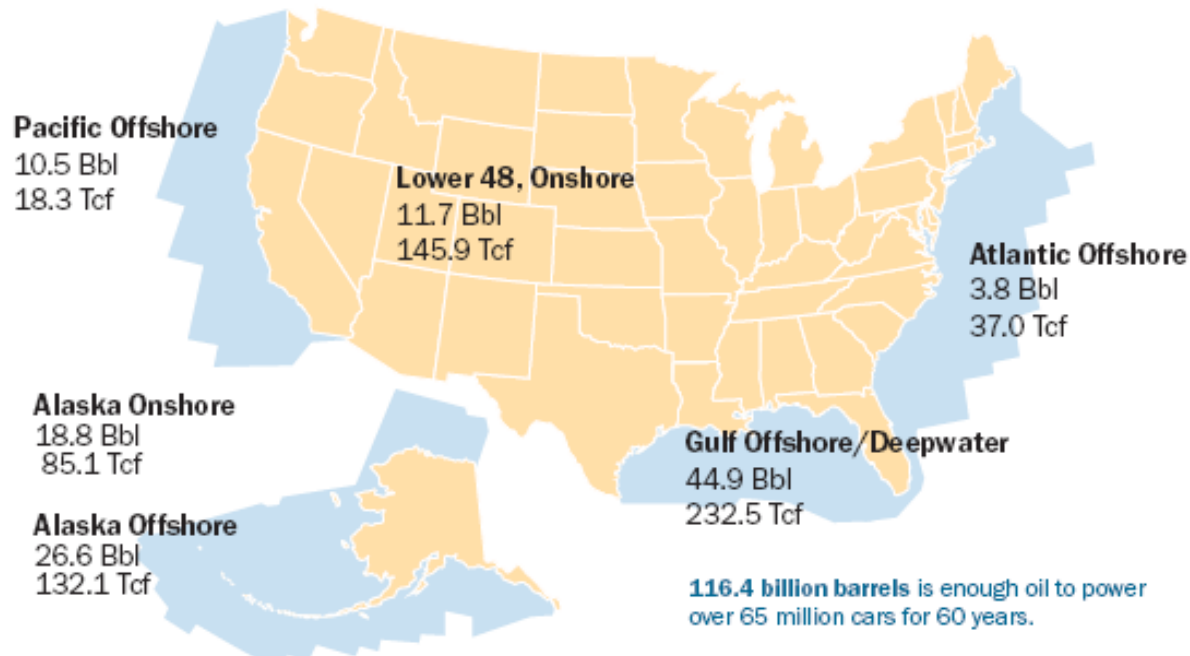
Imported Oil Risk Factors





U.S. Oil and Natural Gas Resources

U.S. Crude Oil (Bbl) and Natural Gas (Tcf) Resources
(Undiscovered Technically Recoverable Federal Resources)*



*Figures may not add exactly to total due to rounding.
Source: MMS, BLM, and API calculations.

116.4 billion barrels is enough oil to power over 65 million cars for 60 years.

650.9 trillion cubic feet is enough natural gas to heat 60 million homes for 160 years.



Importance of Deepwater Exploration

- Global deepwater production capacity has more than tripled since 2000
- Deepwater discoveries are important to the reserve base
- Deepwater discoveries are larger, on average, than new onshore discoveries
- U.S. GOM deepwater projects are driving higher U.S. oil production

Source: IHS CERA, Role of Deepwater Production in Global Oil Supply, 2010



Obama Administration OCS Oil and Gas Strategy

- Announced March 31, 2010
- 2007-2012 5-year Plan
 - Virginia Sale 220 affirmed
 - Atlantic Seismic Environmental Study to proceed
 - Alaska sales curtailed
 - Alaska exploratory drilling to proceed



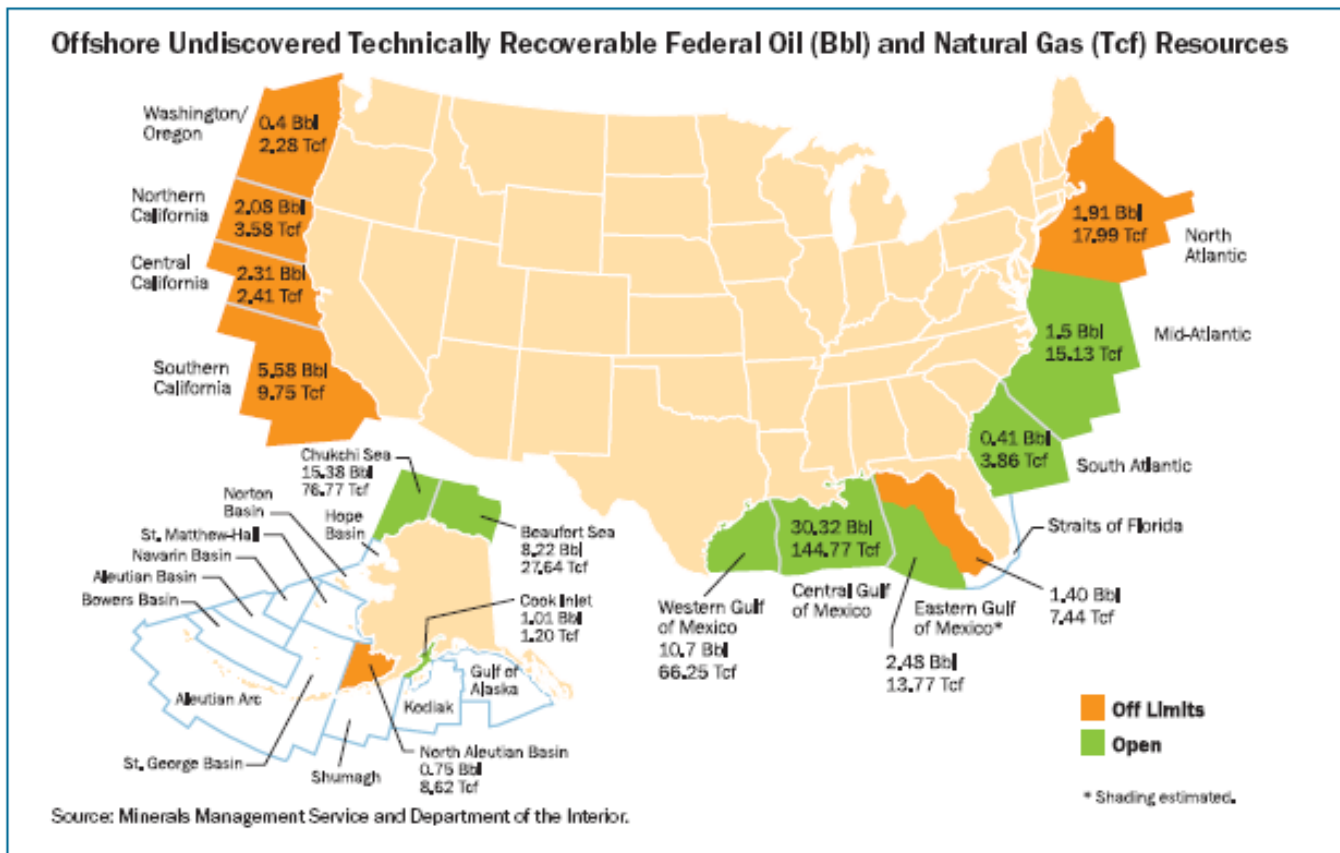
Obama Administration OCS Oil and Gas Strategy

➤ 2012-2017 5-year Plan

- Mid- and South Atlantic to be considered
- Portion of Eastern Gulf of Mexico to be considered
- Alaska Lease Sales to be consider based on drilling results and environmental studies
- North Aleutian Basin/Bristol Bay placed off limits
- Environmental Impact Study to begin



Areas Considered for Leasing 2012-2017



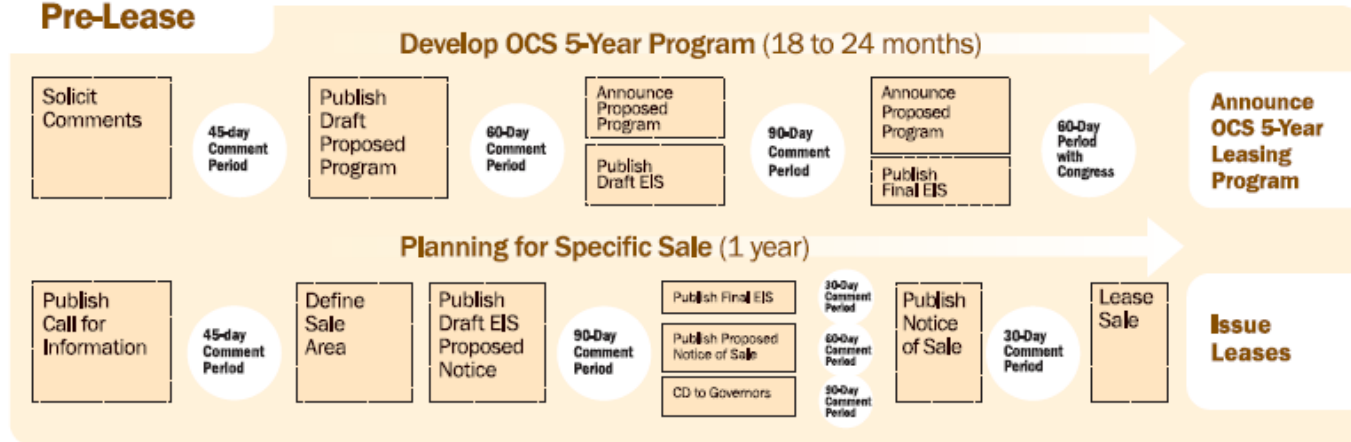


ENTREPRENEURS ENERGY & ENVIRONMENT

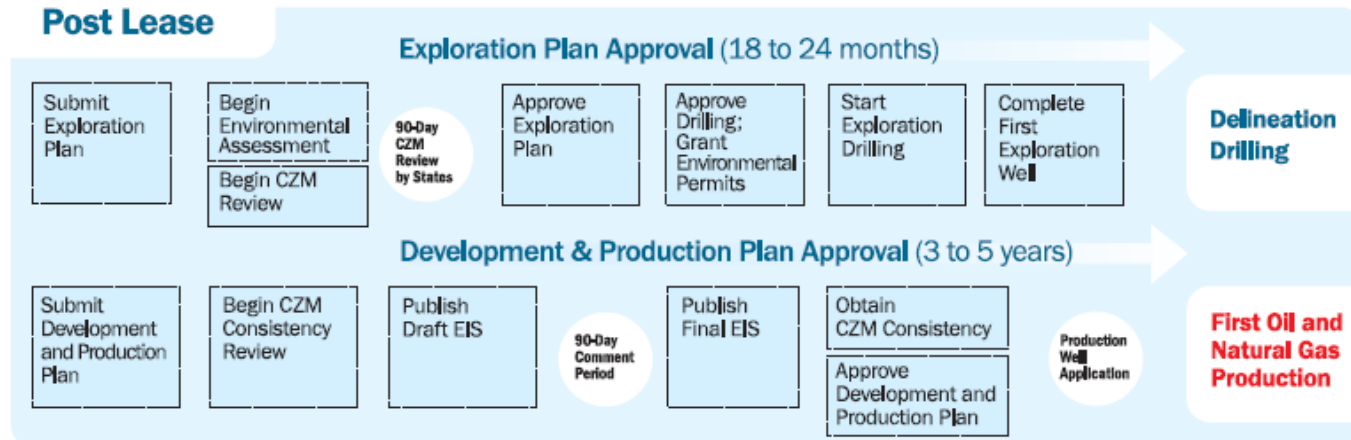


Leasing, Exploration and Development Process

Pre-Lease



Post Lease



ADP = Application for Permit to Drill | CD = Consistency Determination | CZM = Coastal Zone Management | EIS = Environmental Impact Statement **Source: MMS**





Administration Response – Post Deepwater Horizon

- Virginia Lease Sale cancelled
- 2010 Western Gulf Sale cancelled
- 2012-2017 5-year Plan public hearings postponed
- Alaska exploratory drilling postponed
- Atlantic Seismic Environmental Study to proceed

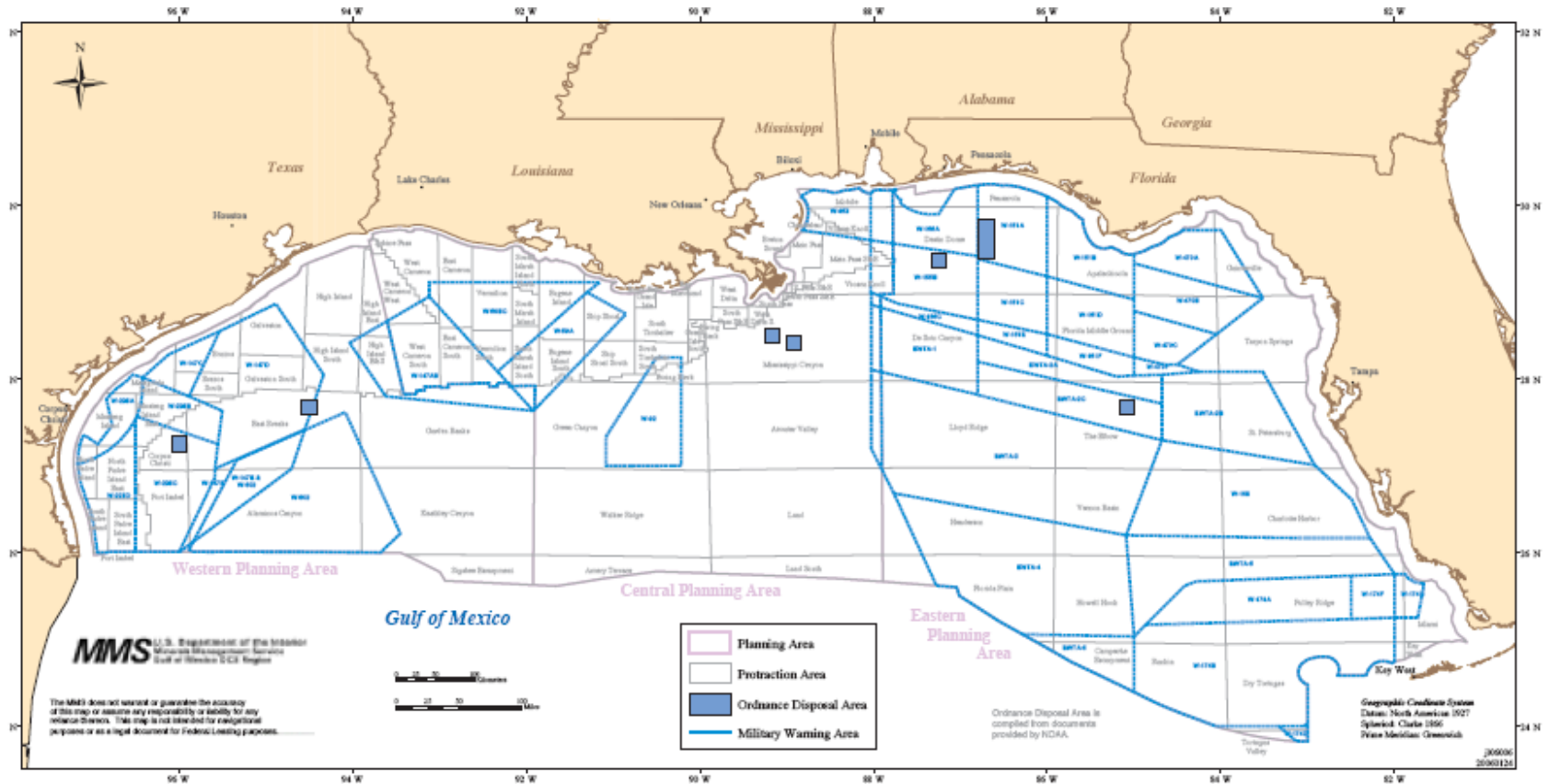


Administration Response – Post Deepwater Horizon

- Atlantic Seismic Environmental Study to continue
- Enhanced Safety Measures announced
- Deepwater Drilling Moratorium announced
- Presidential Investigation Commission formed
- MMS reorganized



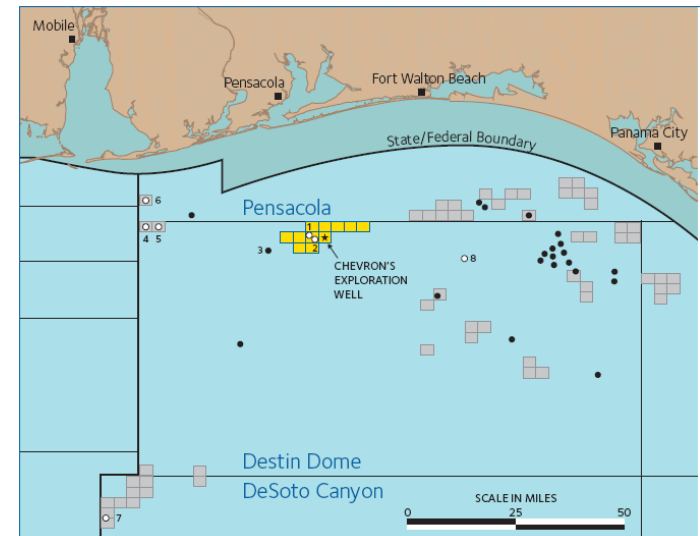
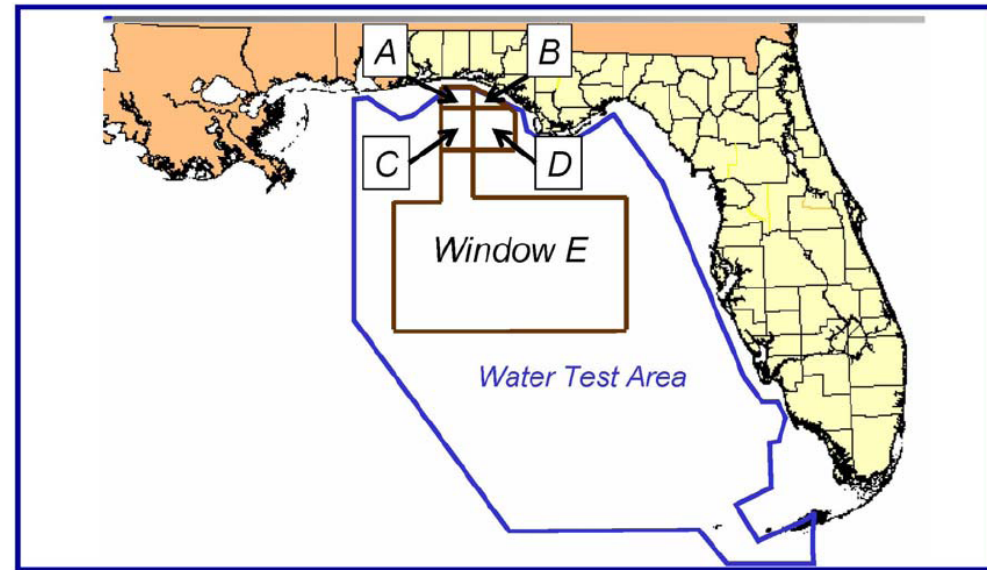
Gulf of Mexico – Military Special Use Airspace and Surface Operations





Military Use and Oil and Gas Exploration

- Long history of collaboration between government agencies and industry
- Memorandum of Agreement in place
- Drilling Window Program in place
- Previous activity in military training areas





Industry Response – Post Deepwater Horizon

- Joint Industry Task Forces formed
 - Deepwater Operations
 - Well Control Equipment
 - Subsea Containment
 - Oil Spill Response
 - Well Design



Industry Response – Post Deepwater Horizon

➤ Short-term Focus

- Comprehensive review of industry best practices
- Provide safety recommendations to Department of Interior

➤ Long-term Focus

- Incorporate lessons learned into industry standards



Future Milestones

- January 2011 – Report from Presidential Commission
- Summer 2011 – Draft Environmental Studies complete
- July 2012 – 2012-2017 5-year Plan announced



Takeaways

- Oil and natural gas will continue to play a major role in the world's energy mix
- Development of domestic supplies is crucial
- Future US energy policy will be shaped by the current incident in the Gulf of Mexico



Questions?

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