

Advocates Push For Atlantic Offshore Drilling

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RALEIGH, N.C. (AP) — Southern politicians and energy industry groups are increasing the push to allow drilling off the U.S. Atlantic Coast for oil and gas deposits that could be puny or mean big cash to a part of the country where it's now largely absent.

Although drilling, refineries and the jobs that could accompany them are at least a decade away, the Obama Administration is weighing a decision expected to be announced in the next three months on whether to take an important early step: to allow seismic testing of the sea bottom. The tests could firm up estimates of how much hydrocarbon deposits may be out there.

Also next year, the Obama administration is expected to ramp up work preparing the country's 2017-2022 ocean energy exploration plan. Companies that specialize in deep-water drilling want the roadmap to include selling leases that allow companies to explore, saying thousands of new jobs, economic growth and reduced foreign imports would follow.

"This is an area that's been off limits to oil and gas exploration and production for over 30 years," said Randall Luthi, president of the National Ocean Industries Association, a trade group.

But a big burst of jobs created by exploration and drilling could take a long time.

Unlike the Gulf of Mexico, where a massive network of undersea pipelines course oil and gas onto land, that would all need to be built to deliver Atlantic energy, said Gary Gentile, a senior editor for oil news at Platts, a trade publication.

"You're talking about having to build up a massive amount of infrastructure to support any kind of offshore development. So now we're talking a decade or two into the future before realistically any of that oil can be tapped, if it's there," Gentile said.

Conservation concerns led to congressional and presidential roadblocks to Atlantic development beginning in 1982 until they were removed in 2008.

Environmentalists still say oceans and sea creatures would be harmed by drilling or even seismic testing. Public hearings over the past two years in New Jersey, South Carolina and elsewhere by the U.S. Bureau of Ocean and Energy Management attracted opponents to testing with undersea air guns they say can harm whales, dolphins and fish.

"The industry wants to paint the picture that the Atlantic is oil nirvana, that we can

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exploit the resources and the states will become rich, unemployment will be solved, and it will do everything but take out the garbage," said Derb Carter, North Carolina director for the Southern Environmental Law Center.

If Atlantic tracts are opened up, current estimates are that drilling with the best technology now available could yield a total of between 1.3 and 5.6 billion barrels, the Bureau of Ocean Energy Management reported earlier this year. The agency's mid-point estimate of 3.3 billion total barrels of oil is roughly equal to what Saudi Arabia's state-owned oil company pumped last year alone.

Atlantic drilling's advocates contend that new testing will reveal more oil and gas deposits than decades-old tests believed.

Bringing Atlantic fossil fuels to market is better than leaving them buried, even if the finds don't much change America's overall supplies, said David McGowan of the North Carolina Petroleum Council.

"We are not saying that the Atlantic is going to be the largest part of U.S. production. Rather, it will be one piece of the larger U.S. oil and gas pie," he said.

Luthi's group and the American Petroleum Institute this month unveiled job projections they said would flow from a new East Coast offshore energy industry.

North Carolina juts east almost to the Gulfstream and near likely drilling grounds, has a long coastline and two ports, so it should expect the greatest job creation, followed by South Carolina, the groups said. The groups see the offshore industry creating about 20,000 jobs in North Carolina in 15 years if exploration is allowed starting in 2017, with thousands more jobs resulting as those paychecks circulate through the economy.

Still more thousands of jobs would come along the entire East Coast and inland states as the influx of black gold and natural gas courses onshore, led by mining, manufacturing, administrative and scientific fields, the groups said.

The industry's job projections don't consider the environmental costs to all and economic costs to tourism businesses, the law center's Carter said.

The industry report marks an effort "to lay the groundwork for reconsideration of opening the Atlantic," Carter said. "It's all on the positive side as if there's no adverse impacts of putting an industry of this nature in an area that it doesn't exist — that depends on clean beaches, tourism, fishing. A full analysis would at least take that into consideration. There will be costs associated with this that should also be considered."

Luthi and other advocates say the only way to really know if oil and gas are below the ocean floor is by drilling. The first step to that is seismic testing with underwater equipment that fires compressed air that generates intense sound waves. Researchers study the echoes to map potential oil and natural gas deposits.

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A 2010 Congressional Research Service report said research studying the impact of seismic surveys on fish and marine mammals produced mixed findings.

The drilling decision is a trade-off between financial gain and the environmental costs since oil spills do happen, and they obviously result in environmental and economic harm, said Andrew Hoffman and Tom Lyon of the University of Michigan's Erb Institute for Global Sustainable Enterprise.

Offshore oil isn't likely to drive down prices for U.S. consumers because oil is in demand worldwide. Producers will sell wherever they can fetch the best price and are unlikely to discount it for the American market, the two business professors said.

"It will still mostly be substituting domestic oil production for foreign oil imports," Lyon said.

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