



Memorandum

To: Senators

From: William Whitsitt
President, Domestic Petroleum Council

Date: June 28, 2005

Subject: Offshore Energy Resources: Essential for America (Part 2)

We look forward to comprehensive energy legislation's being sent to the President this summer, with the strong contribution of the Senate bill passed today.

As the nation's energy policy evolves, the need for domestic energy supplies, especially natural gas – and the modern technology to produce them safely and cleanly – have provided a sound basis for continuing discussion of the need to allow states to consider offshore exploration and production.

We thank the senators who have engaged in this constructive dialogue as more and more policymakers, natural gas consumers and the general public increasingly understand the need for reasonable access to offshore energy resources to increase supplies and, in the case of natural gas especially, to moderate price pressures.

Going forward a number of key points should be noted. Here are two:

- First, contrary to some claims, the resources available in current moratoria areas could be extremely large. Eventual exploration will allow us to know their full size and extent, while current government estimates of offshore resources are conservative, and based on available information. Today's estimates for Atlantic and Pacific natural gas resources, for example, equate roughly to what we thought was in the Gulf of Mexico in the early 1970s. But – because exploration and production has been allowed in much of the Gulf – we have already produced more than three times that much and the current government estimate is that almost five times more remains to be discovered and produced. The more we explore, the more we know.
- Second, the U.S. offshore natural gas and oil industry is in great demand to work around the world in part because of its record, working in partnership with the U.S. Government, to assure environmental protection. Careful scientific environmental study and operational planning always precede such activity. For example, our offshore geophysical companies, which conduct seismic work that allows us to "see" geologic structures beneath the seabed, have many procedures and practices designed to avoid harm to marine mammals, including:
 - Monitoring for the presence of animals of concern
 - Shutdown or no start-up when they are too close
 - Slow, gradual ramp-up of operations just in case

According to the International Association of Geophysical Contractors, citing numerous government and private studies, no physical harm to whales or dolphins has ever been shown as a result of industry seismic operations.

As consideration of allowing improved access to offshore energy continues into the future, the Domestic Petroleum Council, representing the largest U.S. independent natural gas and oil exploration and production companies, will provide periodic updates on technology, supply and other factors that policymakers, consumers and all citizens may wish to consider.

If you or your staff have questions anytime, please call.

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