Domestic oil and gas access

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Number of Train Accidents per Million Train Miles

Source: FRA Office of Safety Analysis
Holistic Approach to Safety

Focus on holistic and systematic approach to safety: Prevention, Mitigation, and Response

• Safety is a core value of the oil and natural gas industry, zero incidents is our goal

• All modes of transportation are needed (pipeline, marine, rail, truck)

• Collaboration is needed among government, shippers, owners/lessors, railroads, and tank car builders

• Solutions must be data-driven with measurable improvements to safety without creating new risks or inadvertently shifting the risks to other businesses or operations
Industry Focus on Safety

API has developed a recommended practice (RP 3000) for characterizing, testing and quantifying crude oil by rail as part of our comprehensive approach to enhancing safety

- Over 70 members participated, including:
  - Crude oil producers
  - Laboratories analyzing crude oil
  - Railroad companies
  - Rail tank car manufacturers
  - Rail tank car lessors
  - DOT/PHMSA and Transport Canada
  - Associations (DGAC, AFPM, CAPP)
Mitigation

API and the Association of American Railroads worked together to develop a recommendation for tank car design

- Submitted joint comments to PHMSA’s proposed tank car rule
Is this what you think of when you imagine offshore oil?
Multi-vessel acquisition wide azimuth design
Hurricanes Rita and Katrina, August - September 2005

Legend
- Platforms:
  - Orange: Storm track for the eye of Katrina
  - Pink: Storm track for the eye of Rita
  - Light brown: Hurricane Force Winds - Katrina
  - Pink (darker): Hurricane Force Winds - Rita

Maps and data from www.noaa.gov
U.S. Central Atlantic Margin Drilling

- 9 lease sales (1976–’83)
  - 433 leases / 2,466,678
  - $2,841,887,349 (DOD)
  - $1,152 (DOD) PAB
- 51 Wells
  - 5 COST (1975–1979)
- 1 discovery – Hudson Canyon (HC) 598 Area
  - 4-block area
    - All 8 wells – gas
    - 5 tested gas
  - Est. risked rec. RESOURCES
    - Range ~85 – ~250 BCFG
    - ML ~170 BCFG
Virginia Lease Sale 220

The program includes a lease sale for parts of the Mid- and South Atlantic in 2021.
Future U.S. Energy Demand

The U.S. will require 12 percent more energy in 2040 than in 2012.

OCS Oil and Gas Leasing, Exploration, and Development Process

Pre-lease
- Request For Information
  - 45-day Comment Period
  - NOI for PEIS

Develop 5-Year Program (HQ Responsibility)
- Draft Proposed Program Published
  - 60-Day Comment Period on Program
- Proposed Program
  - 90-Day Comment Period on Program
- Draft PEIS Published
  - 45-90 Day Comment Period on PEIS
- Final PEIS Published
  - 60-Day Period for Congress
- Proposed Final Program
  - 60-Day Period for Congress
- Final 5-Year Program Announced
  - Record of Decision

Planning for Specific Oil and Gas Lease Sale (Regional Responsibility)
- Call for Information Published
  - 45-Day Comment Period
- Define Sale Area
  - 45-90 Day Comment Period
- Draft EIS Published
  - Final EIS Published
  - CD Sent to States
  - 30-Day Comment Period
- Proposed Notice
  - 60-Day Comment Period
- Final Notice of Sale Published
  - 90-Day Comment Period
- Sale Held
  - Fair Market Value Analysis
- Leases Issued

Environmental Consultations

Post Lease
Exploration Plan Approval (Regional Responsibility)
- Exploration Plan Submitted
  - Environmental Assessment
  - 90-Day CZM Review
- Exploration Plan Review
- APD Decision
  - Permits Granted
- Exploration Drilling Starts
- First Exploration Well (s) Completed
- Delineation Well Drilling

Development and Production Plan Approval (Regional Responsibility)
- Development & Production Plan Submitted
- Company Submits CZM Consistency Certification
- BOEM Prepares NEPA Analysis
- CZM Consistency Concurrency from State
  - Production Well Application
- Then Development and Production Plan Decision
- First Oil/Gas Production

Abbreviations: APD, Application for Permit to Drill; CD, Consistency Determination; CZM, Coastal Zone Management; EIS, Environmental Impact Statement; HQ, Headquarters; NEPA, National Environmental Policy Act, PEIS, Programmatic Environmental Impact Statement.
Focused Industry Post-Spill Effort

Joint Industry Task Forces

- Offshore Operating Procedures
- Offshore Equipment
- Subsea Well Control and Containment
- Oil Spill Response
Thank You!

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