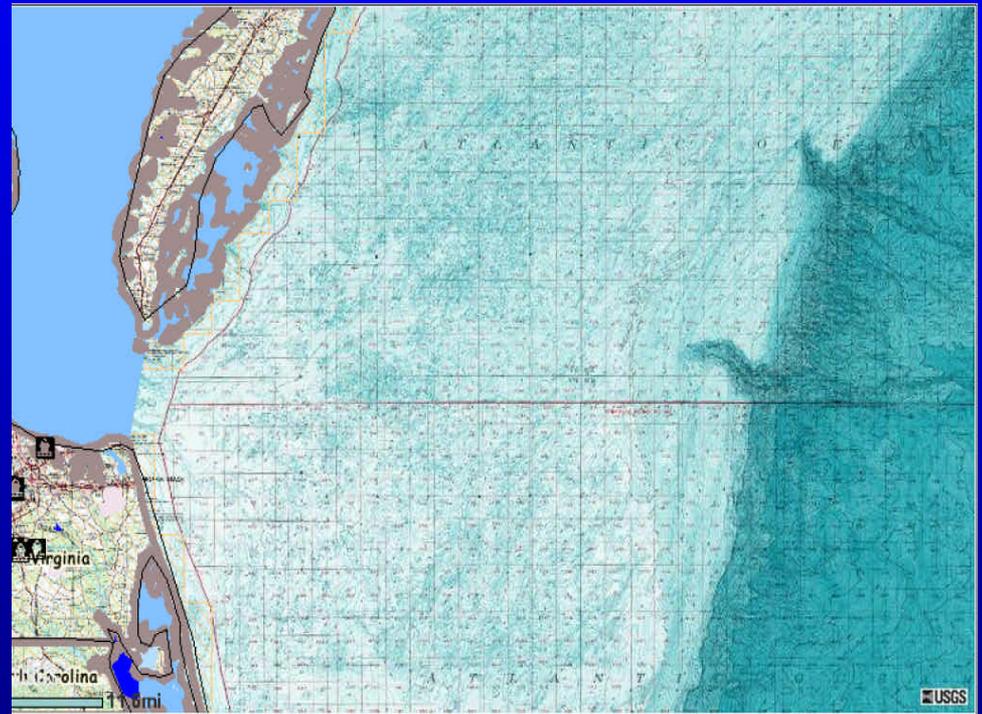


Virginia Offshore Natural Gas Study

- Coastal Zone Partners Workshop
- Virginia Beach, Virginia
- October 7, 2005



Virginia Offshore Natural Gas Study

- Virginia legislative manufacturing sector study
 - Presentation on high cost of natural gas
 - Investigated options to reduce costs
 - Assessed offshore gas option
 - Close to major population and manufacturing centers
 - 30 tcf estimate in Atlantic OCS
 - <http://towersoflife.com>

Virginia Offshore Natural Gas Study

- Manufacturing study interest concurrent with federal interest
 - State Enhanced Authority for Coastal and Offshore Resources (SEACOR)
 - Discussion draft
 - Allow offshore development
 - Share resources with affected states
 - Gas only leases or gas/oil leases
 - State veto within set distances offshore

Virginia Offshore Natural Gas Study

- 2005 Virginia Legislation
 - SB 1054 (Senator Frank Wagner)
 - Direct Virginia Liaison Office to work with federal legislative and executive to support development of offshore gas development
 - HJR 625 (Delegate Christopher Saxman)
 - Directs Secretary of Commerce and Trade to study the potential for offshore natural gas development
 - <http://leg1.state.va.us>

Virginia Offshore Natural Gas Study

- Governor vetoed SB 1054
 - Improper to direct executive liaison office
 - SEACOR not yet introduced – don't know enough about what would be being proposed
 - Do not have information needed to make policy decision
 - Waiting for report from HJR 625 study

Virginia Offshore Natural Gas Study

- HJR 625 Study Resolution
 - OCS exploration under federal ban
 - Virginia prohibited drilling in Chesapeake Bay
 - Technology & more stringent safety improvements
 - Could be significant gas supply source
 - SEACOR could provide state revenue
 - Proper management to protect environmental, public access, tourism, sustainable economic development
 - Secretary of Commerce and Trade to study possibility of exploring for natural gas in Virginia coastal areas
 - Legislation that could permit drilling for natural gas

Virginia Offshore Natural Gas Study

- Advisory group

- Legislative

- Sen. Frederick Quayle
 - Sen. Mary-Margaret Whipple
 - Delegate Kirk Cox

- Secretary of Natural Resources Tayloe Murphy

- Brett Vasse, Virginia Manufactures Association

- James Kibbler, AGL Resources

- Bruce McKay, Dominion Resources

- Dr. Annette Guiseppi-Elie, Virginia Chemistry Council

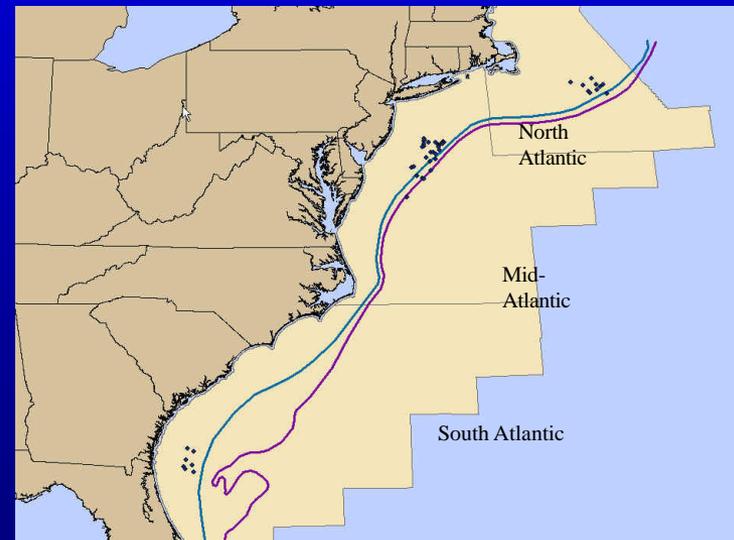
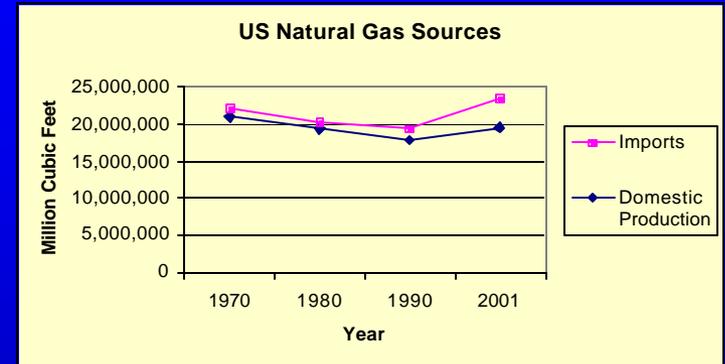
- Michael Town, Sierra Club

- Nikki Rovnor, The Nature Conservancy

- Ari Lawrence, Surfrider Foundation

Virginia Offshore Natural Gas Study

- Study Components
 - Supply and demand for natural gas
 - OCS Resources
 - Previous studies
 - Geophysical
 - Drilling
 - Potential OCS Resources – Resource assessments
 - Legal basis for OCS activity
 - Basics of Offshore Industry



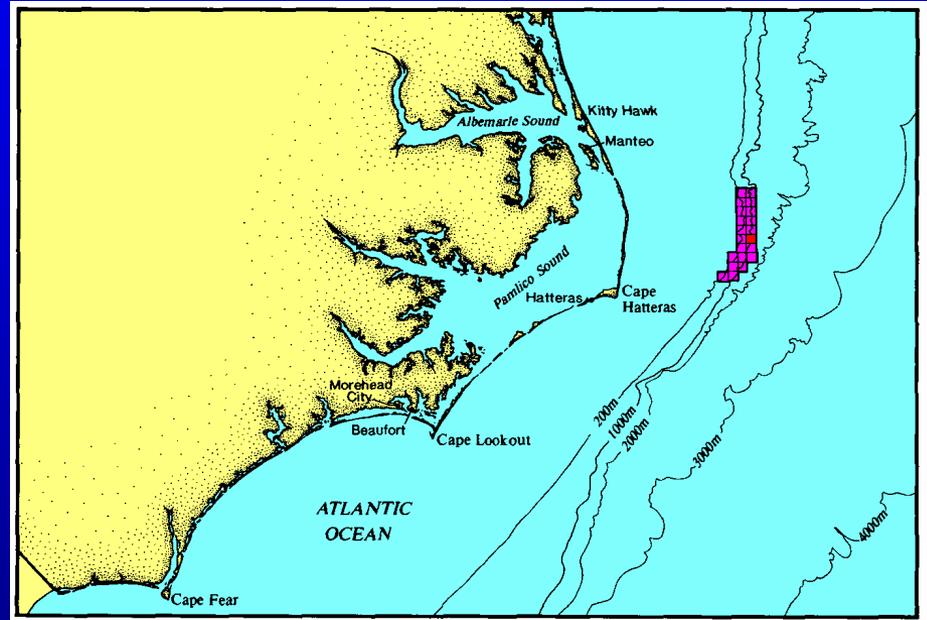
Virginia Offshore Natural Gas Study

- Study Components
 - MMS development process
 - 5-year plan
 - Lease sale
 - Exploration plan
 - Development & production plan
 - NEPA & CZMA – state role



Virginia Offshore Natural Gas Study

- Study Components
 - Environmental concerns
 - Tourism effects
 - Community development effects
 - Civilian & military shipping effects
 - Lessons from other areas
 - Manteo NC Exploration EIR
 - Nova Scotia
 - North Sea



Virginia Offshore Natural Gas Study

- Study Components

- Lessons from hurricanes Ivan, Katrina & Rita

- Rigs & platforms
 - Pipelines & processing plants
 - Supply diversity

- Ongoing federal actions

- Energy Policy Act of 2005 – MMS study
 - MMS 5-year plan (2007-2012)

Virginia Offshore Natural Gas Study

- Study Components
 - Recommendations
- Report due before Virginia legislative session – January 2006
 - Published as a House Document
 - Available on Virginia legislature web site
 - <http://leg1.state.va.us>

Virginia Offshore Natural Gas Study

- Questions
- Contact

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