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](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 Vassey, 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](http://leg1.state.va.us)
Virginia Offshore Natural Gas Study

- Questions
- Contact

Stephen Walz
Department of Mines, Minerals and Energy
804-692-3211
Stephen.Walz@dmme.virginia.gov