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September 10, 2008

Ms. Renee Orr
Five-Year Program Manager
Minerals Management Service (MS-4010)
U. S. Department of the Interior
381 Elden Street
Herndon, VA 20170

Dear Ms. Orr:

On behalf of the Republican leadership in the North Carolina General Assembly, thank you for the opportunity to comment on the Department of the Interior's plan to prepare a 5-year Outer Continental Shelf (OCS) Oil and Gas Leasing Program to begin in 2010. We believe inclusion of all OCS acreage affected by the current Congressional moratorium is an appropriate step to further offshore exploration and production as an alternative in the dialog concerning energy production for all coastal states.

On the day following President Bush's July 14, 2008 Executive Order rescinding the executive moratorium on oil and gas leasing operations on the OCS, a resolution was introduced in the North Carolina General Assembly (NC House Res. 2806) urging Congress to allow North Carolina to determine whether offshore exploration should be allowed on the OCS in our State's territorial waters.

North Carolina's coast is one of our State's most treasured resources and is integral to our economy, culture, and natural heritage. A thorough scientific and socioeconomic review will aid in assessment of the costs and benefits of oil and natural gas exploration and extraction. This must be done before North Carolina makes any decisions about utilizing these coastal reserves. The Republican leadership in North Carolina's General Assembly has previously encouraged lifting the current OCS drilling moratorium.

North Carolina's Republican legislators support the forward-thinking efforts of Secretary Kempthorne to develop a five-year leasing strategy to include all OCS and begin in 2010 rather than 2012. Once this plan is in place, all coastal states will be in a position to control the role energy will play in their futures. Without the Minerals Management Service (MMS) proposed lease plan, those decisions will be made for them.

As you know, numerous active leases have existed on North Carolina's OCS, the most recent and most promising being 21 blocks of the Manteo Prospect leased in 1981 and 1983. Exploration proposals discussed over the following two decades were fraught with legal and political tension. The North Carolina Coastal Resources Commission has policies in place to ensure adequate study and consideration of environmental and economic factors related to our coast. Those policies are part of North Carolina's federally approved Coastal Zone Management Program and mandate additional scrutiny by our Division of Coastal Management to ensure OCS activities are consistent with relevant federal and state rules.

Mobil Corporation has estimated potential reserves of 5 trillion cubic feet of natural gas, within the Manteo Prospect. Although that hydrocarbon volume may be present, given the size and reservoir characteristics of the prospect, we believe it should be up to the citizens of North Carolina to determine if, and how, such reserves might be developed. Before such public debate can occur there must be a commercial interest in developing an exploration plan, prior to which a lease plan must be in place.

During consideration of leasing strategies for OCS areas adjacent to states without any historic petroleum production, we urge the Secretary of the Interior, the MMS, as well as current and future administrations, to allow coastal state participation in decisions about the most appropriate way to develop (or to not develop) OCS energy reserves. And for states that do opt in, a 37.5 percent share of leasing revenue together with regional sharing of production royalties similar to that defined in The Gulf of Mexico Energy Security Act of 2006 seems to be appropriate.

Thank you for this opportunity to share our thoughts regarding development of an expedited 5-year OCS Lease Plan and for your consideration of our comments.

Sincerely,

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