

Education Session

Offshore Gas/Oil Drilling

Presentation to the Dare County
Board of Commissioners

October 17, 2005



Why are we here?

Requesting that the Dare County Board of Commissioners pass a resolution to renew their opposition to drilling for natural gas or oil off the coast of Dare County.

Current Events Make it Timely

- The hurricanes of 2005 have thrown new light on the debate over whether to allow oil companies to drill off the North Carolina coast
- In recent weeks Congress started working on a second energy bill that would lift the moratorium against new petrochemical leasing on the Outer Continental Shelf and would open the waters off the coast of Dare County to offshore drilling.

Some Background:

- 1989: first resolution in opposition to offshore oil & gas drilling was passed
- 1998: DBOC renewed resolution opposing off-shore Oil & Gas
- 2005: DBOC Asked to Re-affirm resolution

DCBOC express their continuing opposition to drilling February 2, 1998

RESOLUTION OPPOSING OFF-SHORE GAS/OIL EXPLORATION

WHEREAS, Dare County has previously expressed its opposition to off-shore exploration for gas or oil in a resolution to state and federal agencies; and

A Strong History of Opposition

- The people of Dare County have a history strongly opposing offshore drilling
- Oil and gas development is a dirty and destructive business that damages coastlines, harms ecosystems, and directly threatens our tourism, fishing and real estate economies.

A Strong History of Opposition

- It is rare for the people of Dare County to wholly agree on any one subject. This community has been overwhelmingly unified against drilling.
- There is also a long history of strong leadership in protecting our coasts. DCBOC resolutions passed 1989 & 1998

Local Entities with Resolutions Opposing Offshore Drilling

Town of Southern Shores

Town of Kitty Hawk

Town of Kill Devil Hills

Town of Nags Head

Town of Manteo

Dare County Tourism Board of Directors

The Outer Banks Chamber of Commerce

Your resolution continues...

WHEREAS, no evidence has been uncovered since then to demonstrate any benefits to Dare County or to the surrounding region; and,



Myth #1


**We need to drill
so we won't be dependant
on foreign oil.**

Fact:

U.S. Department of Interior figures

- **Only 3.6% of the remaining oil and gas in the world exists in the U.S.**
- **76% of the all future oil and gas exists in deposits located in the Middle East.**
- **U.S. currently consumes over 26% of the world's annual supply of petroleum.**

Simple math tells us that if you have 3.6% of the resources but consume 26% of the resources you'll have to go elsewhere to make up the difference – unless we take steps to reduce consumption



Myth # 2

**Supporters of drilling
say they want
to drill for gas, not oil.**

Fact:

Oil and Gas are found together

- Natural gas is almost always mixed with oil or water containing oil
- It is impossible for oil companies to know exactly what lies beneath the sea floor – oil or gas
- If oil is discovered it will be harvested


Myth # 3

Vastly expanding drilling is a solution to rising gasoline prices .



Fact:

A Lesson from Current Events

- Such drilling would take many years to produce the first gallon of gas at the pump.
 - The high prices at the pump are a result of problems with refineries, not oil supply.
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Fact:

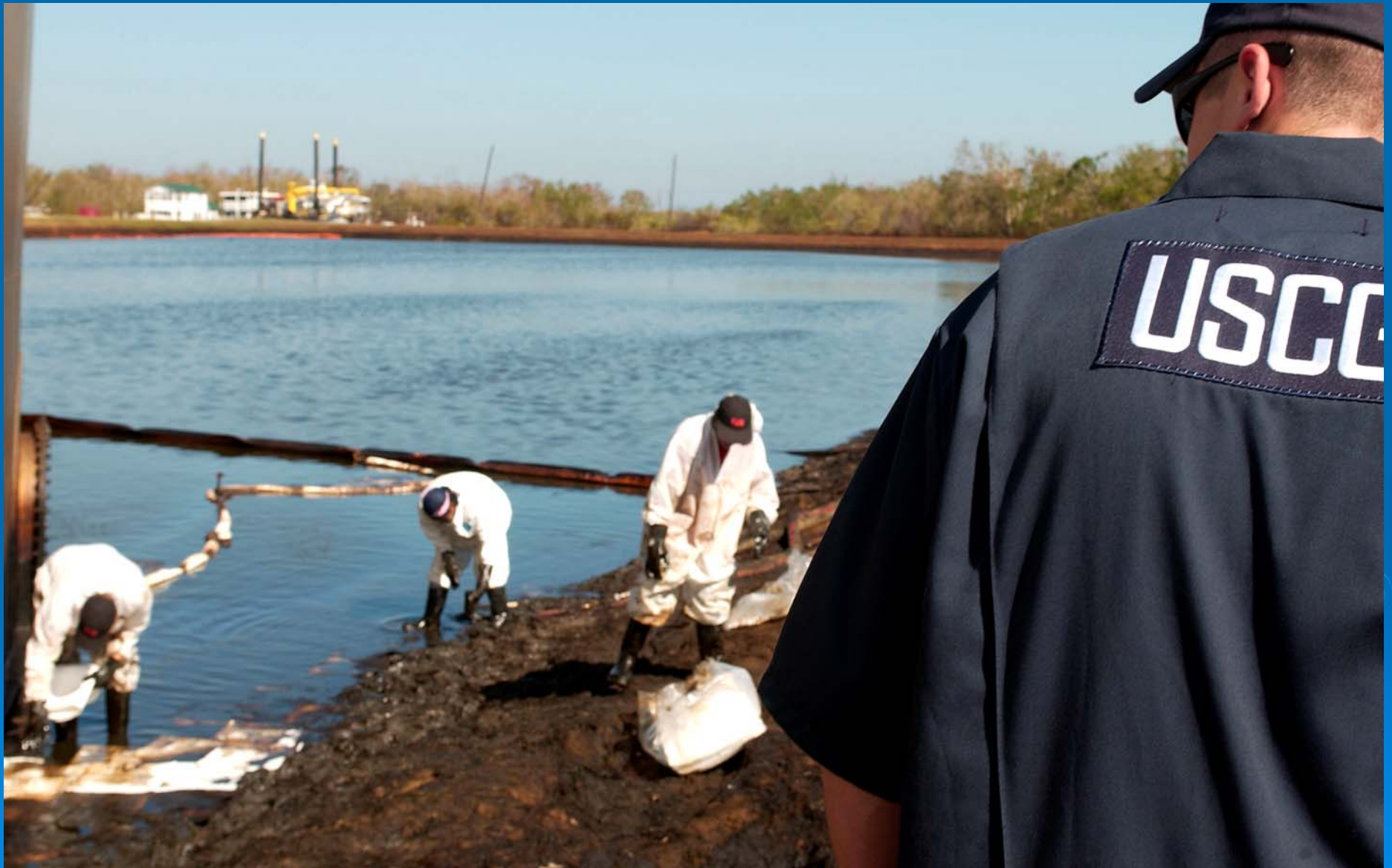
Expanded Drilling Poses Big Problems, especially offshore.

- **The powerful hurricanes that batter our coasts can destroy drilling platforms, underwater pipelines and coastal storage tanks, dumping millions of gallons of oil, as happened with Katrina.**

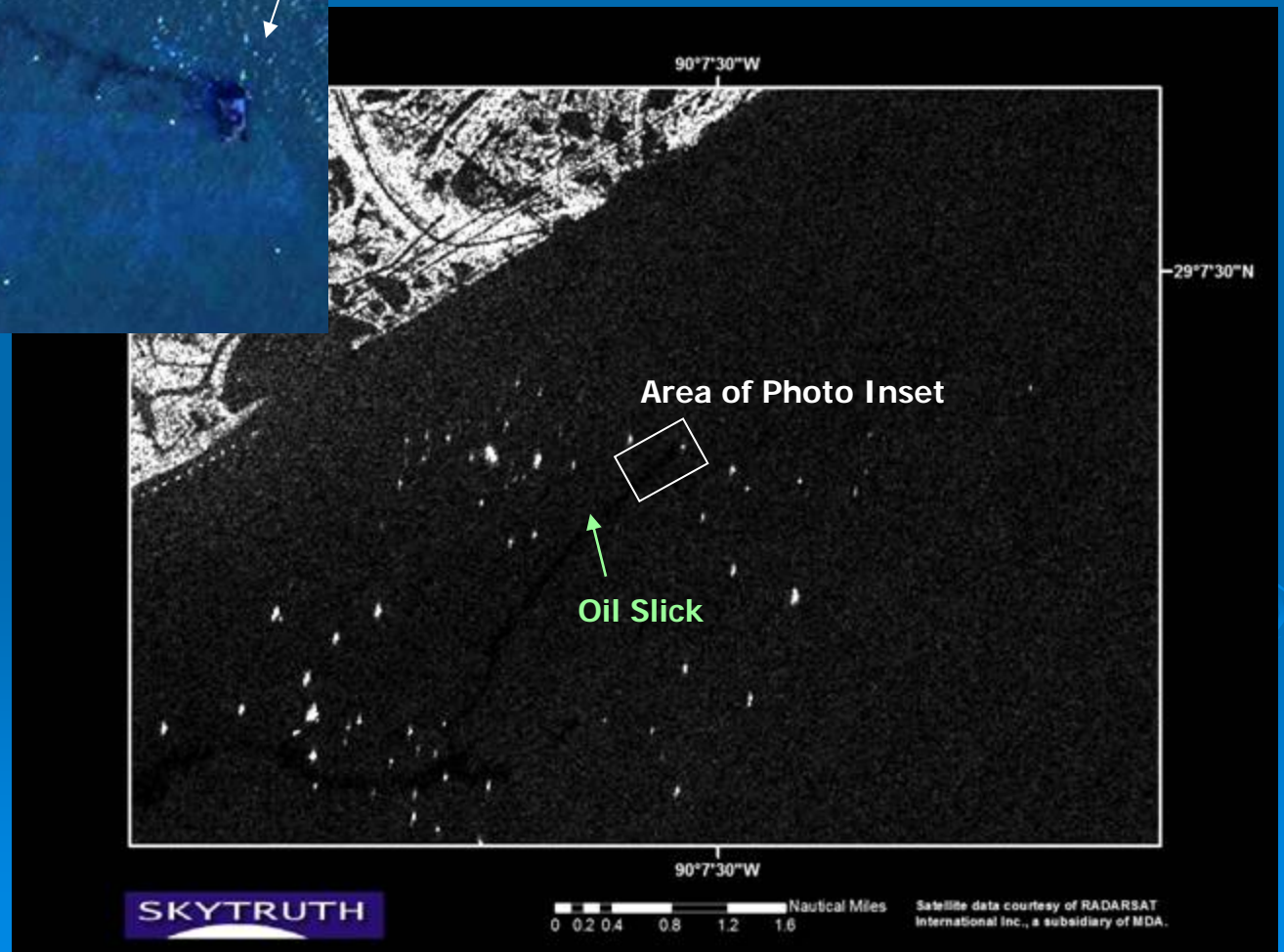
Katrina Aftermath

- US Coast Guard: Between 6 & 7 million gallons of oil were spilled due to the impacts of Katrina
- This is roughly two thirds the size of the devastating Exxon Valdez spill in Alaska in 1989

Katrina Aftermath

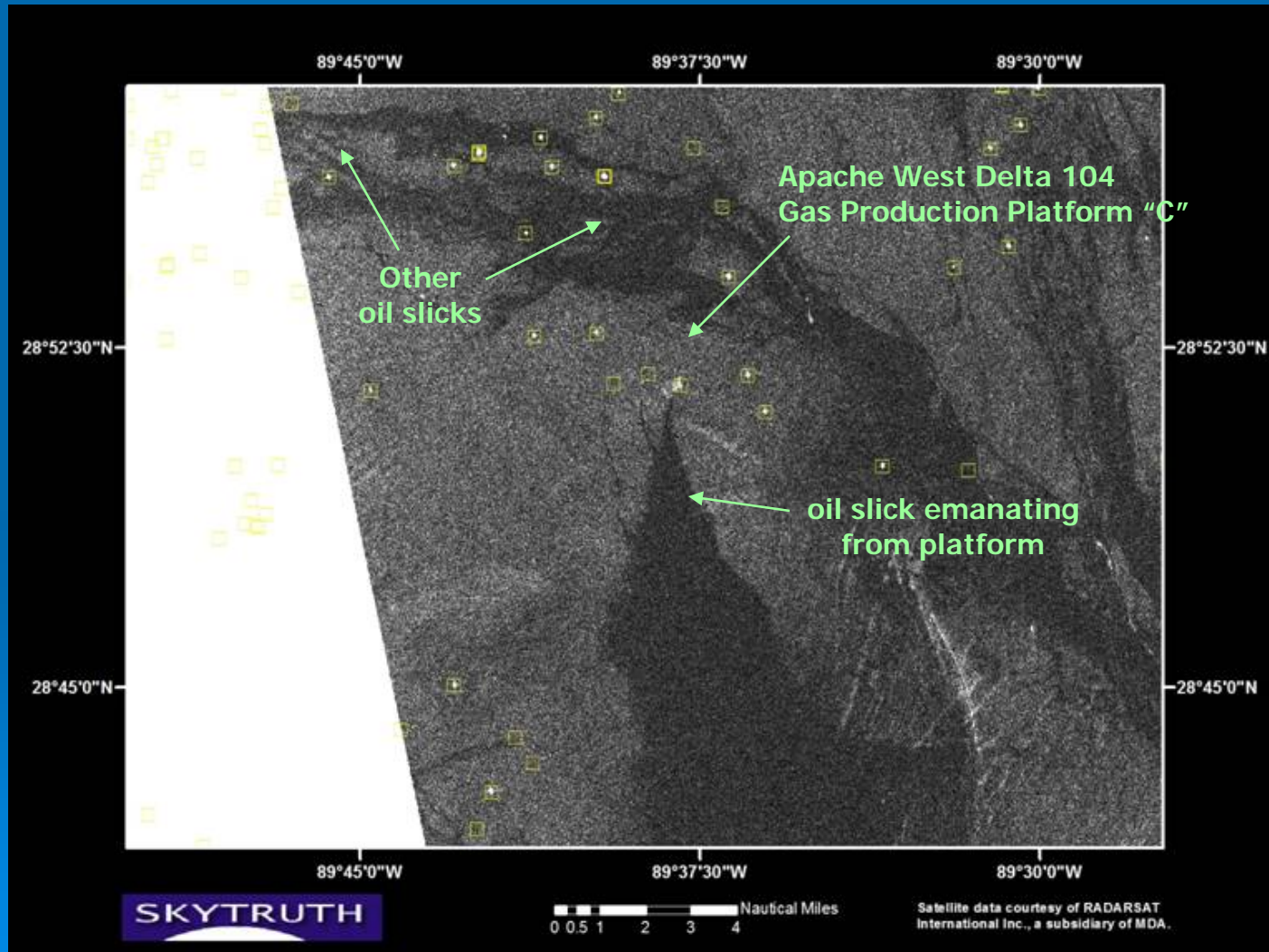


Aerial Photo Verification



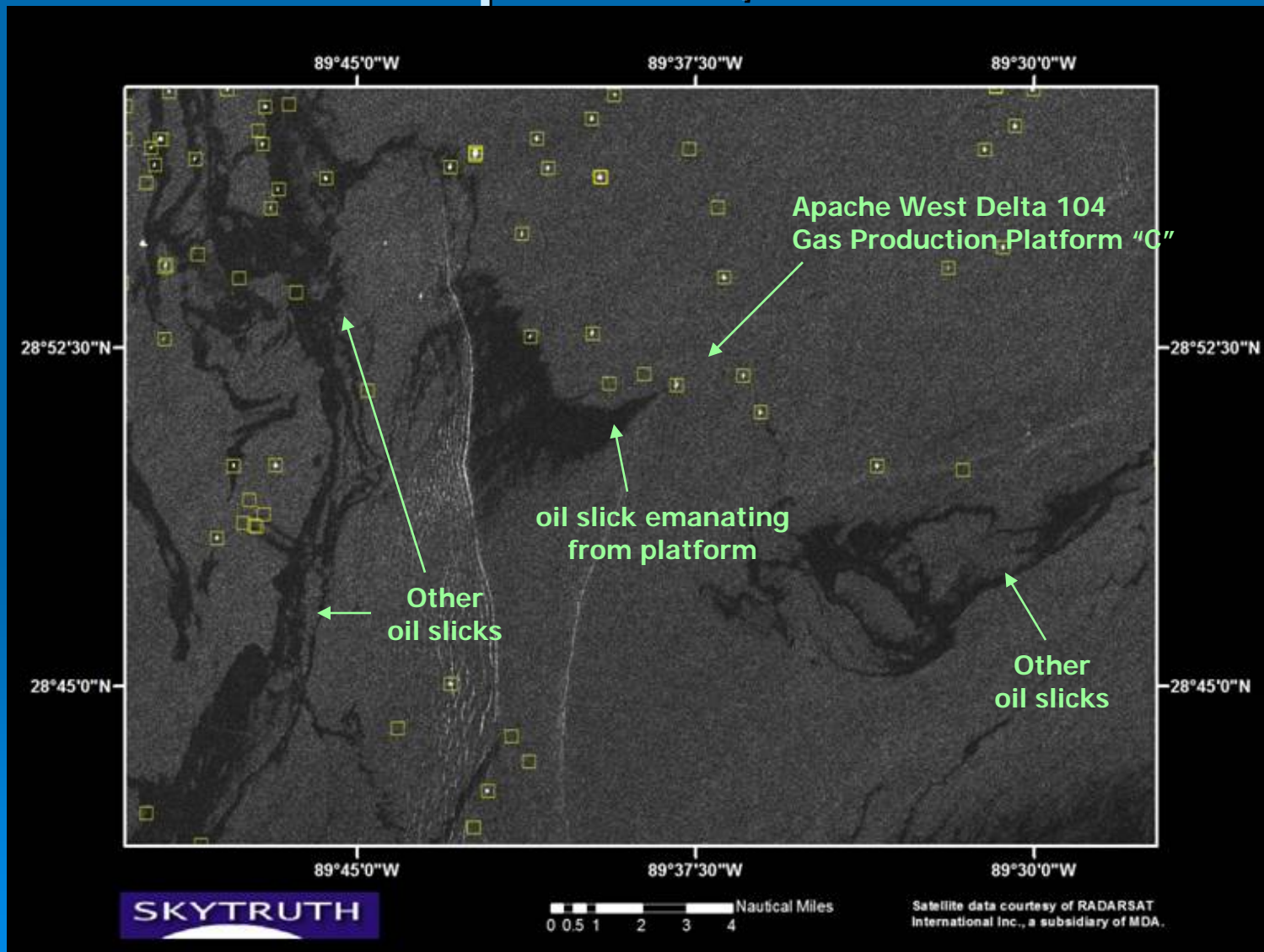
Oil Spills from Gas Platforms

September 1, 2005



Oil Spills Continue from Gas Platforms

September 2, 2005




Oil rig slams into Bridge Hurricane Katrina



AP PHOTO

**The impacts of
offshore drilling
directly threaten the
primary economies
of Dare County**



Dare County Economy 2004

- **Tourism – \$620 million**
- **Commercial/Sport Fishing – \$50 million**
- **Real Estate - \$15.7 Billion taxable value**
- **Real Estate Transfer Value - \$1.5 Billion**
- **Number One reason to visit Dare County:
Beautiful Beaches**

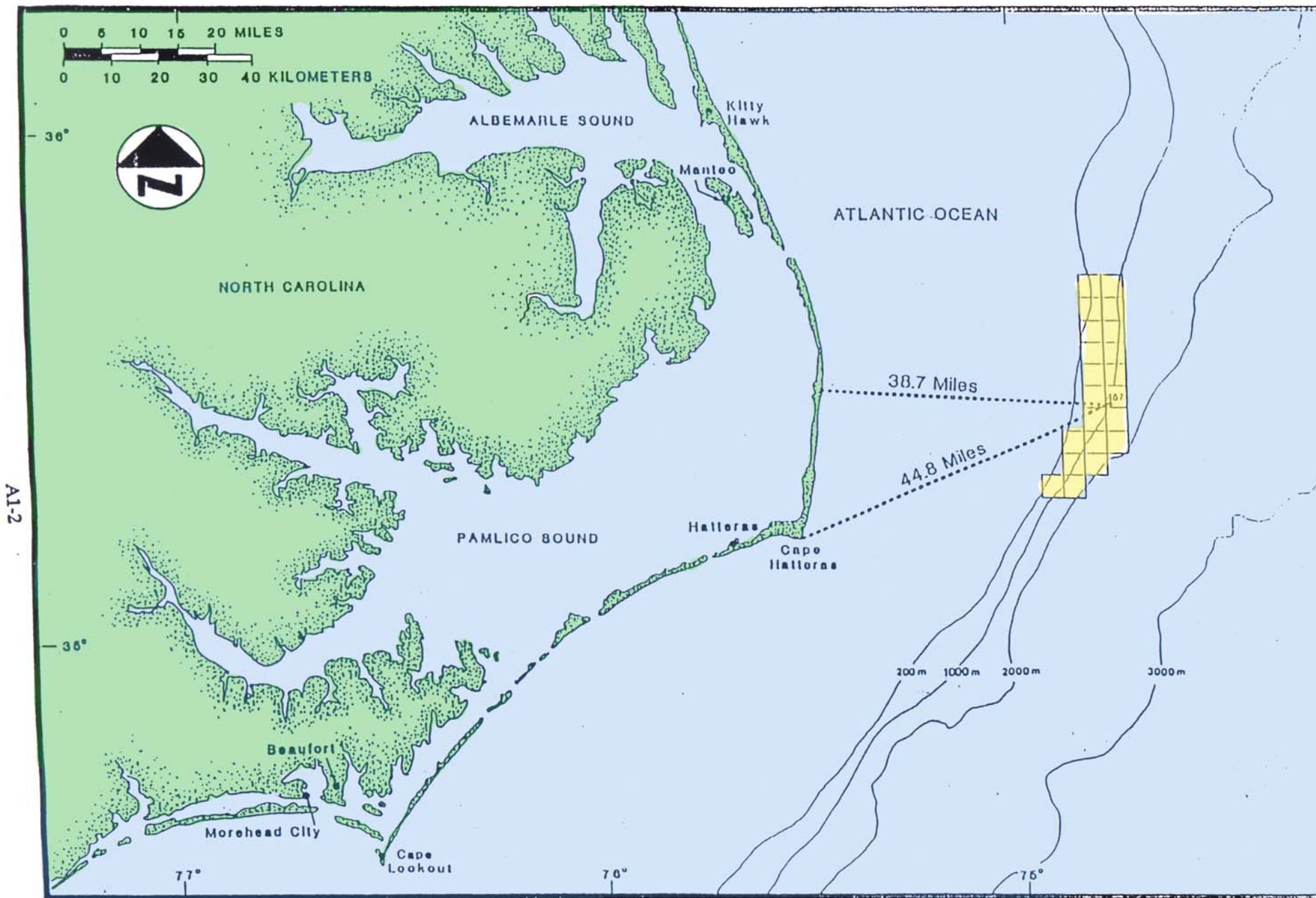


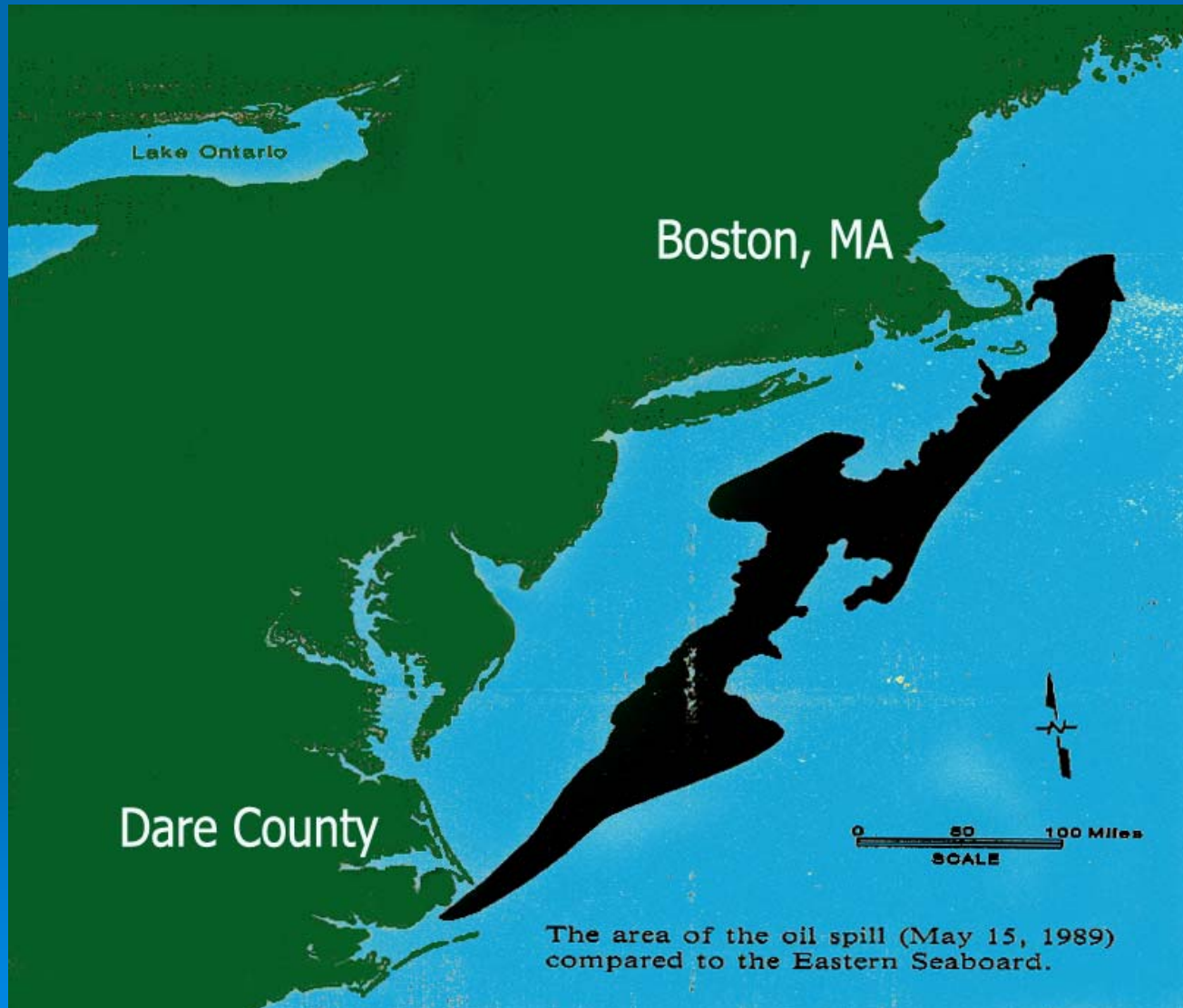
Figure A1-1. Location of the 21-block Manteo Unit and Block 467 relative to the North Carolina coast.

Dare County Beach October 4, 2005





Exxon Valdez spill along eastern coast



Current Events

- The hurricanes of 2005 have thrown new light on the debate over whether to allow oil companies to drill off the North Carolina coast
- In recent weeks Congress started working on a second energy bill that would lift the moratorium against new petrochemical leasing on the Outer Continental Shelf and off the coast of Dare County's Outer Banks.

Risk vs. Reward

State Revenue Royalty Sharing Deals


- **Formula: Amount received from royalties decreases the further the wells are from shore**
- **40 miles off-shore**
- **Least percent of Revenue Sharing**
- **Revenues spread throughout state**
- **Dare County bears all the risk**

Dare County Will Not Be Adequately Compensated

**Don't we have enough to deal with
in Dare County when a hurricane hits
without having to worry about oil spills?**



The Bottom Line

- **Drilling in hurricane & storm plagued waters has proven to be disastrous**
 - **Dare County is being pressured to put its vibrant economy at risk when nothing is being done on a national scale to conserve resources**
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SUMMARY

- **DCBOC passed resolutions in 1989 & 1998**
- **7 local entities with resolutions opposing**
- **Important Facts**
 - Cannot drill our way to energy independence
 - Cannot drill just for gas
 - Expanded Drilling will not lower prices at the pump
 - Revenue sharing not worth risk
 - Dare County's economy is directly threatened by the impacts of offshore drilling

Conclusion ... Action Requested

- **Today, renew your resolution opposing drilling of natural gas and oil off the coast of Dare County**

NOW, THEREFORE, BE IT RESOLVED that the Dare County Board of Commissioners continues to be opposed to any exploration for gas or oil on the continental shelf or elsewhere off the coast of North Carolina and urges the inclusion of the waters off North Carolina in the long-term moratorium on off-shore exploration that protects sister coastal states; and

BE IT FURTHER RESOLVED that this opposition be made known to our representatives at the state and federal level and that the US Department of Interior be urged to instruct the Mineral Management Service to take no further action to open more off-shore sites to leases for gas or oil exploration.