

Testimony of J. Michael Talbert
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Admiral Watkins and members of the commission, my name is Michael Talbert and I am the Chief Executive Officer and Director of Transocean Sedco Forex. Thank you for inviting us to appear before you today. First, I would like to discuss the role of government and existing laws in protecting marine resources, developing OCS energy resources, and strengthening the energy security of the United States.

The development of resources from the submerged lands of the federal Outer Continental Shelf (OCS) necessarily involves the coordination of converging interests. The federal government, the states, the affected coastal communities, and the American people as a whole, each hold a stake in the development of domestic energy resources and in the stewardship of public lands. Domestic energy development from the OCS is, and will continue to be a public policy issue of great importance.

The Outer Continental Shelf Lands Act (OCSLA), which governs the exploration and production of offshore oil and natural gas, describes the OCS as “a vital national resource reserve, which should be made available for expeditious development.” Even the Coastal Zone Management Act (CZMA) recognizes the importance of cultivating domestic energy from the OCS through its requirement that the government consider energy facilities as a top priority when managing the many uses of the coastal zone.

However, as we have detailed in our written statement, conflicts between the many uses of our ocean resources have cropped up, particularly with regard to energy production. The need to enhance communication and resolve conflicts over ocean resources is not new. The CZMA, as recommended by your predecessor the Stratton Commission in 1968, developed the federal and state “consistency” process intending to manage and balance these many uses and to coordinate and simplify decision-making in managing coastal resources. Under the CZMA, communication should be enhanced to resolve resource conflicts and needed and environmentally responsible energy project permits should be streamlined. Unfortunately, this is often not the case.

In the Central and Western Gulf of Mexico, the multiple use of ocean resources has generally succeeded under the current governance regime of law and policy. The architecture of the current system takes into account local, state, regional and national needs and concerns, acts as a system of checks and balances. In the case of the Central and Western Gulf, these checks and balances have promoted communication and conflict resolution, protecting marine resources while meeting the country’s energy needs.

And the American people are the beneficiaries.

But, things are much different in other energy-rich areas — such as the Atlantic and Pacific Coasts, parts of the Alaska Coast and the majority of the Eastern Gulf of Mexico. In these areas, some states have misused the CZMA consistency process; wielding it as a tool with which to protest or block every step toward responsible energy development — leasing decisions, plans of exploration, plans of development, and environmental permits.

In some cases, states have objected to exploration for oil from as far as 170 miles from shore. The U.S. Secretary of Commerce has clear authority to override these objections, but in many cases the disagreement ends up in a lengthy appeals process that can take years to resolve.

As a result, companies trying to find and develop offshore energy resources in these areas confront such lengthy delays and regulatory roadblocks that investment, jobs, and energy production often are forced to move overseas.

The reality is that it is possible to find and produce our enormous offshore energy resources without harming the marine environment. In our written testimony, we have detailed specific changes in CZMA law and policy. These changes are not radical; their aim is to bring balance to a process that has been badly distorted in recent times.

The marine resource lessons from the Gulf of Mexico, combined with common-sense improvements in the Coastal Zone Management Act, will go a long way toward achieving more reliable and efficient domestic energy production from the OCS. Such balanced use of our nation's vast resources must be a chief component of our national ocean policy.

Admiral Watkins, we would also like to discuss the ocean governance issues the Commission has identified. In this arena, we find a few clear answers, and much to continue to discuss.

We urge caution in considering broad, new ocean governance laws and clear identification of “governing” problems before we solve them. For example, we do not believe that the creation of a new ocean ‘super agency’ is necessary. A broad new law, agency or bureaucracy has the potential to do more harm than good because it runs the risk of adding another layer of decision making and could create further delays.

Any governance recommendations should take care to maintain and improve the benefits of the existing federal structure. Key agencies are expert in the resources they regulate, they provide checks and balances for better decisions, they provide an opportunity for participation by all interested parties and they know the resource users they regulate.

We recommend that you focus on improvements in how we govern under the many existing laws affecting ocean resources, as much as new regimes of “governance”. One fundamental need is to develop and implement clear ocean policy goals.

The CZMA process changes discussed earlier will help to improve resource management. Our experience in the Central and Western Gulf, however, has shown that with clear goals federal agencies already have the legal and administrative tools to coordinate federal responsibilities, promote energy development and sustain living resources.

One of the greatest areas for improvement in federal agency coordination and industry involvement is in ocean exploration and observation. We often work with MMS, EPA, the Coast Guard, and NOAA to learn more about the vast ocean we share.

The oil and gas industry has made many significant technological advances that have had application in defense, medicine, navigation, marine biology, geology and environmental sciences. We want to learn more about proposed ocean observation systems, and to explore voluntary partnerships. We will look for ways to cooperate with scientists on installation of observation devices on offshore platforms, if they don’t interfere with oil and gas operations.

State and local governments also have important roles in ocean policy. Some of the politics and people they represent can pose a challenge to mixed and balanced use so we must emphasize communication and conflict resolution. Again, we should look to areas of success to solve these problems

The productive use of oceans resources generally succeeds in the Central and Western Gulf of Mexico. This is due to balanced application of laws, long-standing coordination among federal agencies; cooperation among all levels of government; and input from diverse resource users. This experience shows that governments, industry and the public have the tools to develop energy resources and protect the marine environment.

However, the energy resource experience in the Eastern Gulf of Mexico, Pacific and Atlantic OCS areas shows that existing tools are not always enough. The issues are complex and finding sound policy solutions will be a challenge. The answers do not lie in bigger government. The answers lie in a national ocean policy guided by sound science, enhanced public-government dialogue, and clear local, state, regional and federal roles.

In conclusion, we all agree that our country faces enormous challenges in managing ocean resources, including energy, for the future. Other kinds of energy will make an increasing contribution, but the reality is that our offshore oil and gas resources are as important to our future as they have been to our past.

The energy industry will continue to support the Commission’s mandate and the nation’s goal, to improve the beneficial use of our marine resources while protecting our marine environment. Thank you for the opportunity to participate.

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