

Remarks Prepared for Delivery  
By The Honorable Gale Norton  
Secretary of the Interior  
Dedication of the Thunder Horse Production Platform  
February 26, 2005  
AS DELIVERED

Thank you. It is a pleasure to be here. I appreciate all of Johnnie Burton's hard work as director of the Minerals Management Service.

About three years ago, I visited another platform in the Gulf. At the time, it seemed enormous. But it seems tiny compared to this platform.

This is a strong and impressive structure. Thunder Horse stands tall, designed to dig deep for the domestic energy America needs. It was created to protect the blue waters that it stands in -- no matter how great the storm.

The largest oil platform in the world, Thunder Horse is also one of the toughest and one of the most environmentally benign. My congratulations go to BP, Exxon Mobil, Kiewit Construction, and all of the thousands of men and women who worked on this project — and to those who will carry it forward into operation.

Many people have an image of offshore oil production that is frozen in time. Thunder Horse is a dramatic embodiment of how far technology has progressed.

It shows the power of new technology to conquer extremes of nature in pursuit of energy. At the same time, it is extremely protective of the fragility of our natural world.

Hurricane Ivan caused havoc when it crashed into Gulf shores last September. Ivan's Category 3 winds wrecked homes and businesses and left more than a million people without power. But Ivan was even stronger offshore.

While flailing offshore production platforms, Ivan was a Category 4 storm. It had sustained winds near 140 miles an hour, wind gusts even stronger.

Many production platforms were damaged by the storm. Several large structures were lost to rogue waves or mudslides. Much work was disrupted. But it could have been far worse. Ivan could have caused an environmental catastrophe.

Instead, the environmental damage was surprisingly small. Only some minor spillage occurred from broken pipelines and damaged platforms.

A catastrophe was averted for a reason. Wise minds foresaw storms like Ivan; calloused hands built tough platforms to withstand them; shut-off valves worked as designed. That wisdom, that workmanship, has gone into the construction of this platform.

Thunder Horse will withstand the worst that winds and waves will throw against it.

It is little noticed, and even less appreciated, but offshore production platforms have a remarkable safety record. Only about 1 percent of the oil in U.S. domestic waters comes from accidental spills, according to the most recent Oil in the Sea report from the National Academy of Sciences.

Far more comes from natural petroleum seeps. The accidental spills of a full year equal three days of natural seeps.

That safety record is even more impressive considering how much offshore production has grown in recent decades.

Thunder Horse is the latest and greatest example of environmental performance.

It also plays a significant role in meeting America's energy needs.

My second message today is about the importance of energy to the American economy, and the need for America to have its own domestic sources of energy.

I recognize that this message is somewhat ironic, since today we are recognizing the accomplishment of a company well known as British Petroleum.

Clearly part of what we celebrate today is the strong alliance that extends across the Atlantic Ocean. We recognize once again that two nations have grown from a common root, split apart, and matured. We feel assured that a business venture involving both nations is as secure as one done within our national borders.

Unfortunately, much of the world is not as secure. Terrorism and extremism are powerful geopolitical forces that make other areas less dependable. America's national security and its economic future require that we be mindful of the sources of our energy.

To provide energy today, energy producers have to look in more remote locations, using innovative technologies. In the federal government, our challenge is to implement reasonable policies for access, with economic efficiency and with full environmental protection.

In 1999, it was predicted that America's shortfall between natural gas supply and demand could be 50 percent in 20 years. This was one reason President Bush made writing a new energy policy one of the first priorities of his new Administration.

President Bush gave the order to chart a new course on energy. The Department of the Interior carries much of the responsibility to steer this policy into action. Interior-managed lands and waters produce about 1/3 of all our nation's domestic coal, oil, and natural gas.

To find domestic sources of energy, reliance on federal lands and waters is growing. In both oil and natural gas the percentage contribution of federal production to supply has doubled during the past 30 years.

Some 50 percent of the projected remaining undiscovered resources are in federal areas.

On the natural gas side, utilities, communities, natural-gas dependent industries and policy makers have shared concerns about the natural gas supply for several years. But it was only when Federal Reserve Chairman Alan Greenspan addressed the issue that most people heard about the true impacts on our economy.

We face a concern because, as a nation, we have seen a sea-change in the use of natural gas. Because of its air quality benefits, 90 percent of our new energy plants will be powered by natural gas.

Farm groups told me that farmers are paying higher prices for fertilizer made with natural gas. Increased natural gas prices also make it more expensive to run irrigation pumps, heat greenhouses, and ironically, to produce ethanol.

As large as the impacts are on farmers and on residential customers — I was most shocked by the long-term impact high natural gas prices can have on American factory workers.

Long-term predictions of high natural gas prices are causing many companies to move natural-gas-based manufacturing overseas, to places where gas is available at a fraction of the American price. Thousands upon thousands of American jobs may soon be permanently lost to American workers.

The National Petroleum Council's most recent Natural Gas Study indicates the growth rate in natural gas demand may be slowing. Unfortunately, this is for the wrong reason: loss of industries from the U.S. to other countries with more stable gas prices. Even with a slowing, there remains a significant gap between supply and demand.

On the oil side, the United States already imports about 60 percent of the oil it uses. That percentage will rise to almost 70 percent by 2025, according to the Energy Information Administration.

Thunder Horse helps us address these pressing energy needs. It has the potential to produce approximately 1 billion barrels of oil equivalent over the life of the field. At its peak, the facility is designed to process 200 million cubic feet of natural gas, and 250,000 barrels of oil per day.

That oil can be refined into about 5 million gallons of gasoline. The daily production of oil and gas from Thunder Horse provides the equivalent of the daily energy needs of 6.5 million American homes.

To put the reservoir in a different context, the Gulf of Mexico is expected to produce about 2 million barrels of oil per day in 2006. At peak production, Thunder Horse will account for more than 10 percent of that total.



Over the long-term, that production at Thunder Horse will mean greater energy security at home. Energy drawn from deep domestic reservoirs is better for the nation than energy bought from distant shores. For that reason, we must continue to secure supplies of domestic energy in environmentally responsible fashion.

Technological breakthroughs were essential to this project. Breaking into the reservoir is a monumental challenge all by itself. The Thunder Horse reservoir is far beneath the ocean floor.

Drills have already ground through more than three miles of mud, rock and salt lying between the ocean floor and the reservoir. To reach those wellheads on the ocean floor, lines from the production platform will drop more than a mile through the deeps.

With the skills and space-age technology that BP and its partners have brought to bear in Thunder Horse, they can tap this reservoir safely and securely to produce the energy we need.

I recognize that some states have raised their voices against offshore drilling. That is fair. We will always listen to those concerns. The President respects the offshore drilling moratoria.

But we will also continue to encourage the safe development of new resources of domestic energy — renewables and non-renewables alike.

For those states that are receptive to offshore drilling, it has undeniable benefits.

About 250 people will work on this facility each day once it is fully operational, supported by a host of others via long-term supply contracts. Their salaries will ultimately benefit their families, their communities, their country.

The energy that is produced from this offshore platform will make America more prosperous and give Americans more freedom from international instability.

Earlier this month, President Bush promised the Detroit Economic Club that he would not take America's economic growth for granted. Rather, he would move forward with pro-growth policies to make America more prosperous and America's future more secure.

Reliable and affordable supplies of energy are a critical component of that pro-growth strategy. Securing that future begins at home; securing that energy begins at Thunder Horse.

This steely structure is far more than a business investment and technological marvel. Thunder Horse is an anchor of energy stability, lending America a more secure ride through international storms.

Thank you.