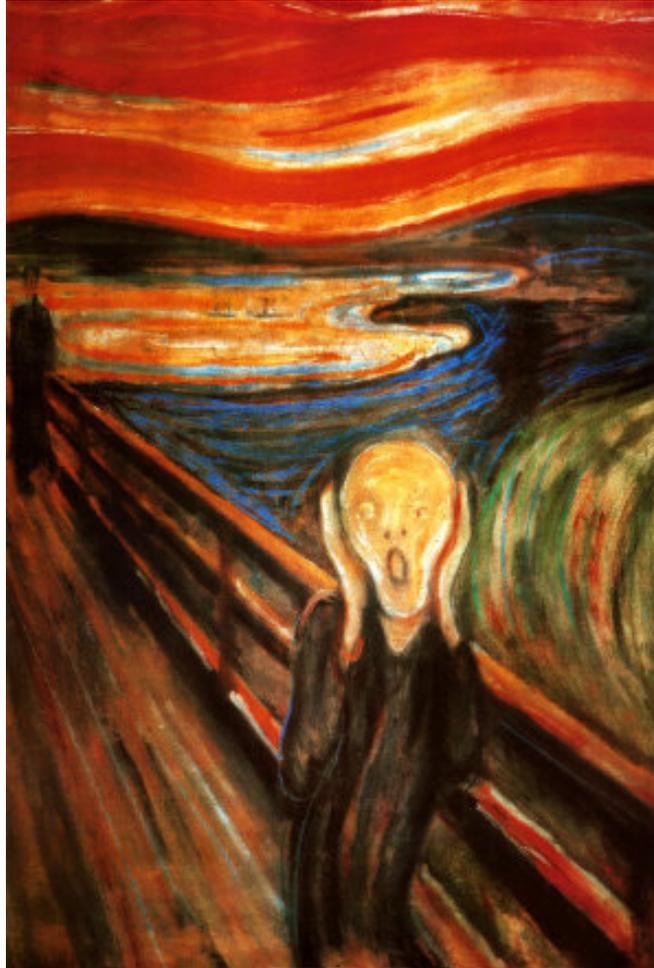


California Energy Commission Transportation Energy Demand and Fuel Infrastructure Requirements Workshop

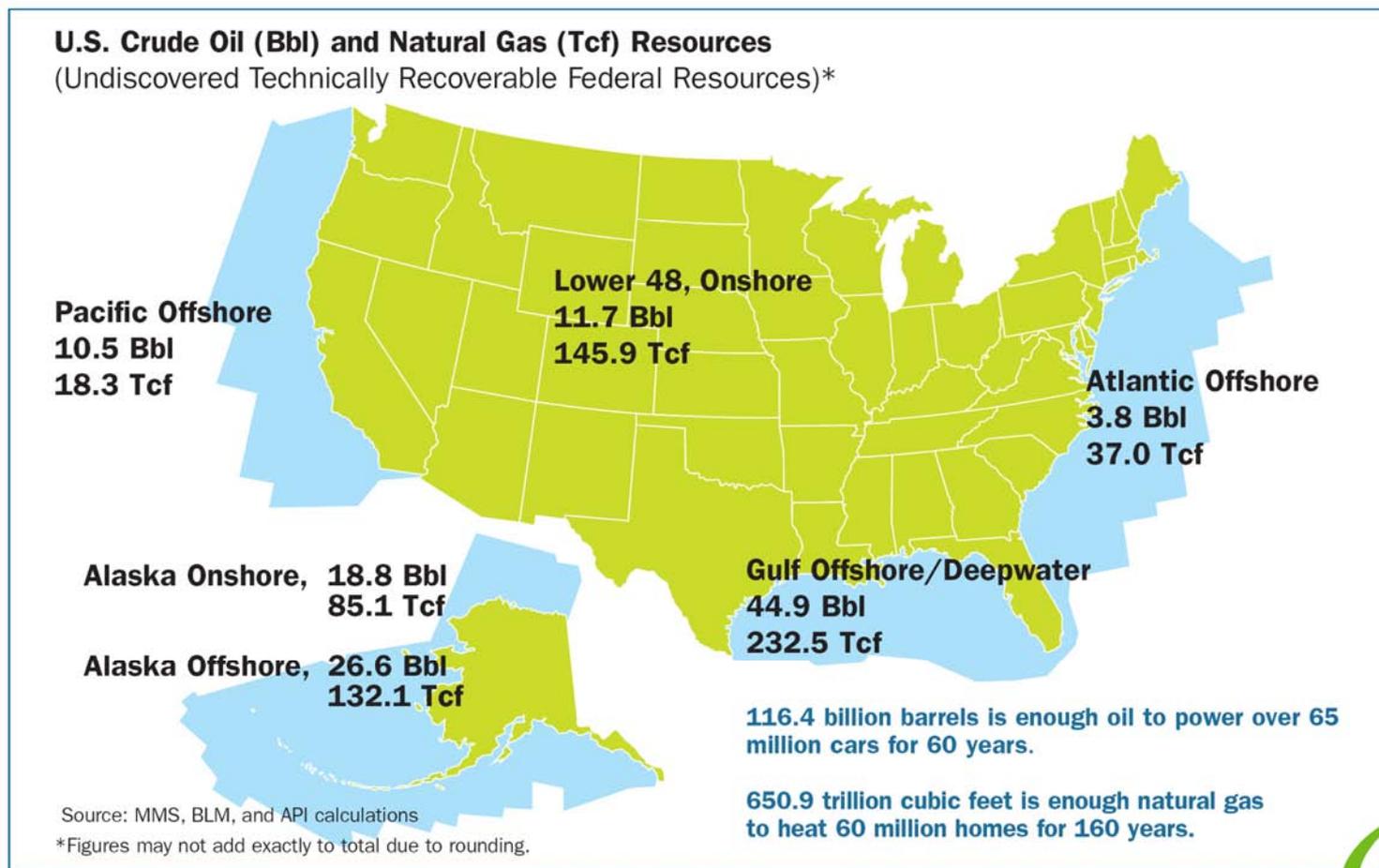


CEC 2009 IEPR Workshop
Joe Sparano
Western States Petroleum Association
August 24, 2009

Myth: The world is running out of oil



Access to domestic energy resources - petroleum supply constrained by policies



Western States Petroleum Association

Access to domestic energy resources - technology reduces footprint, improves safety

**Minerals Management Service
Pacific OCS Region**

Message from the Regional Director

Energy security is on the minds of many Americans. Lately, it seems not a day goes by that we aren't reminded of the far-reaching impact energy has in our daily lives and on our economy. Through close consultation and coordination with West Coast States, other government agencies, and key stakeholders, the MMS Pacific OCS Region is working to seek possible solutions to our Nation's complex energy situation.

To date, the MMS Pacific OCS Region continues to diligently pursue its mission of effectively and responsibly managing America's offshore energy resources on the Pacific OCS. Led by a vision based on collaboration, the Pacific OCS Region carries out its day-to-day operations through a diverse and well-trained staff dedicated to working closely with State and local governments, ocean-users and other key stakeholders. Through these working relationships, the Pacific OCS Region obtains a greater appreciation of regional and local issues; this, in turn, provides the agency with insight to better understand and respond to issues of concern while pursuing the Region's core principles of **safety**, **science** and **sustainability**.

Safety
The Region is committed to ensuring clean and safe energy and mineral operations on the OCS, and protecting coastal and marine environments potentially affected by the activities we regulate. This commitment is demonstrated by our impressive spill record. ~~Since 1970~~, a total of only 850 barrels of oil have been lost into the marine environment from Pacific OCS operations. This is less than the amount of oil seeping naturally into the ocean from cracks in the seafloor during any given week offshore California.

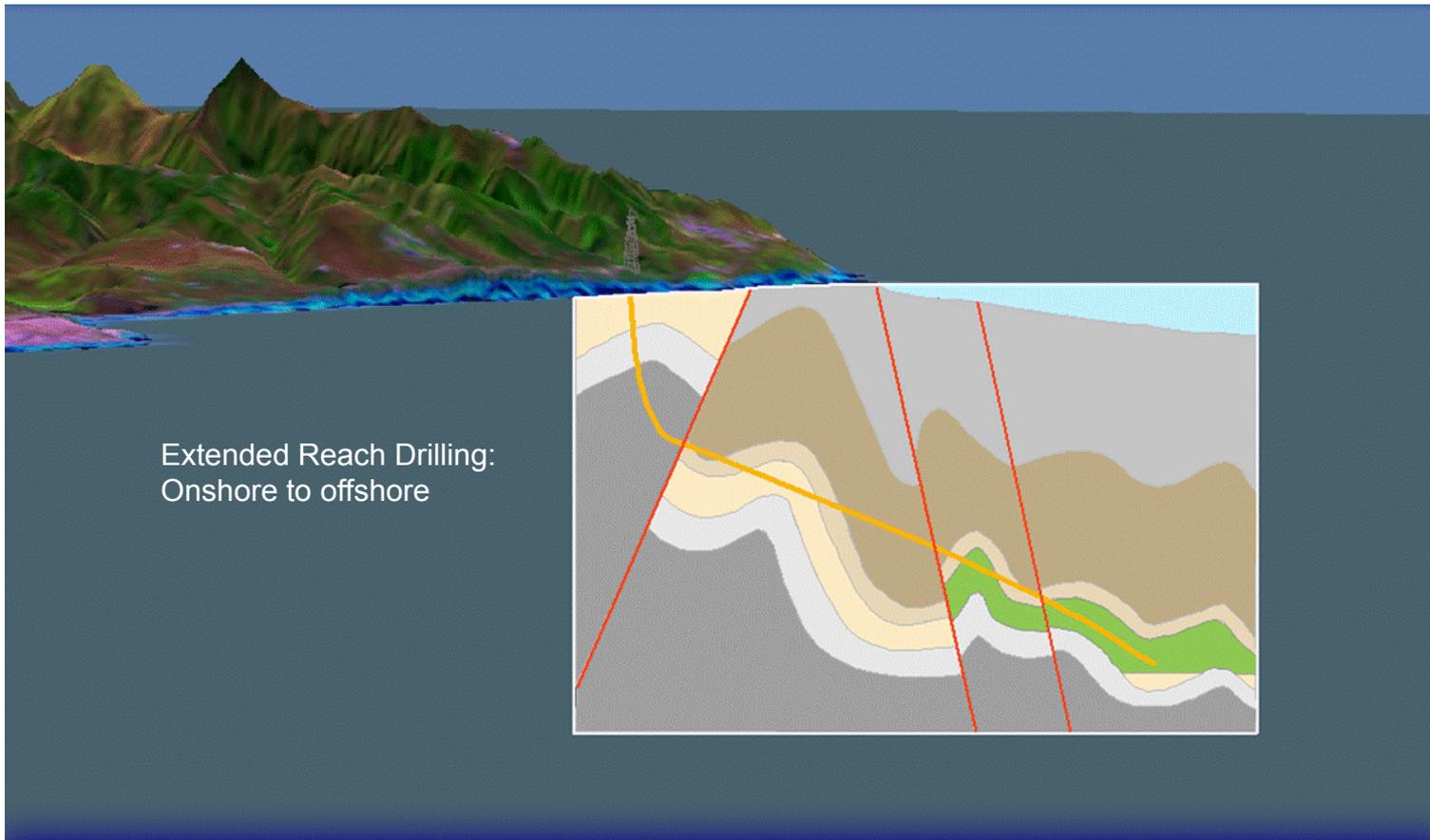
Our inspectors are offshore 395 days a year, inspecting the 23 OCS platforms for compliance with MMS regulations and various other conditions of operation. Additionally, the Region's inspection protocol includes engineers and environmental scientists, many of whom participate in systemic reviews of the facilities as well as in ongoing and regular inspections. The Region continues to improve its regulations and enforcement procedures to further ensure clean and safe management of OCS resources.

Science
Scientific research and advancement are essential to the success of the Region. From an operational perspective, technological improvements within the energy industry have the potential to increase access to resources while reducing associated adverse environmental impacts. Moreover, since 1973, the MMS **Regional Environmental Studies Program** has cumulatively funded 189 studies addressing Pacific OCS issues at a value of almost \$124 million. In many cases, these studies represent pioneering research for the entire California coastline. The scientific information obtained from these studies assists the Region in assessing the impacts of OCS operations on the marine and coastal ecology along California. Information from existing and future studies will become invaluable in understanding the effects of alternative energy development on the OCS.

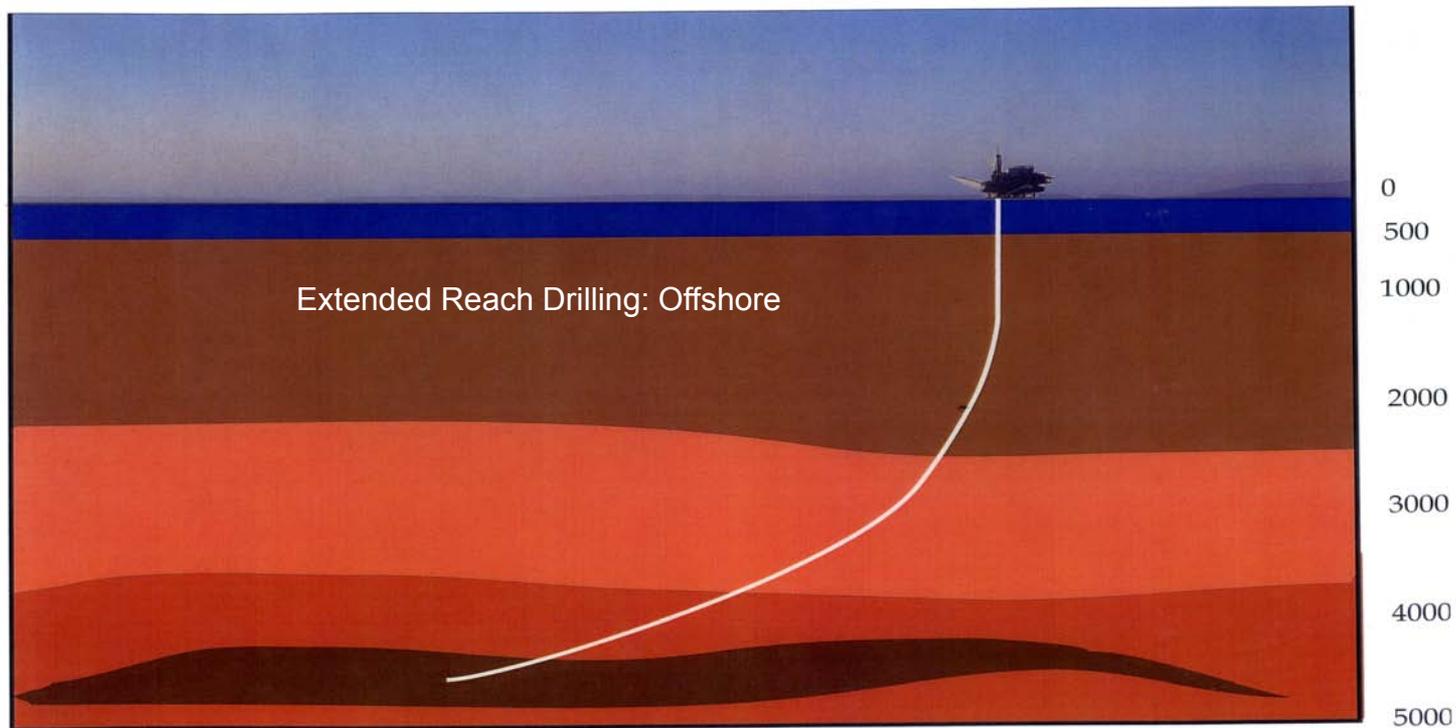
“Since 1970, a total of only 850 barrels of oil have been lost into the marine environment from Pacific OCS operations. This is less than the amount of oil seeping naturally into the ocean from cracks in the seafloor during any given week offshore California.”



Technology reduces footprint, improves safety



Technology reduces footprint, improves safety

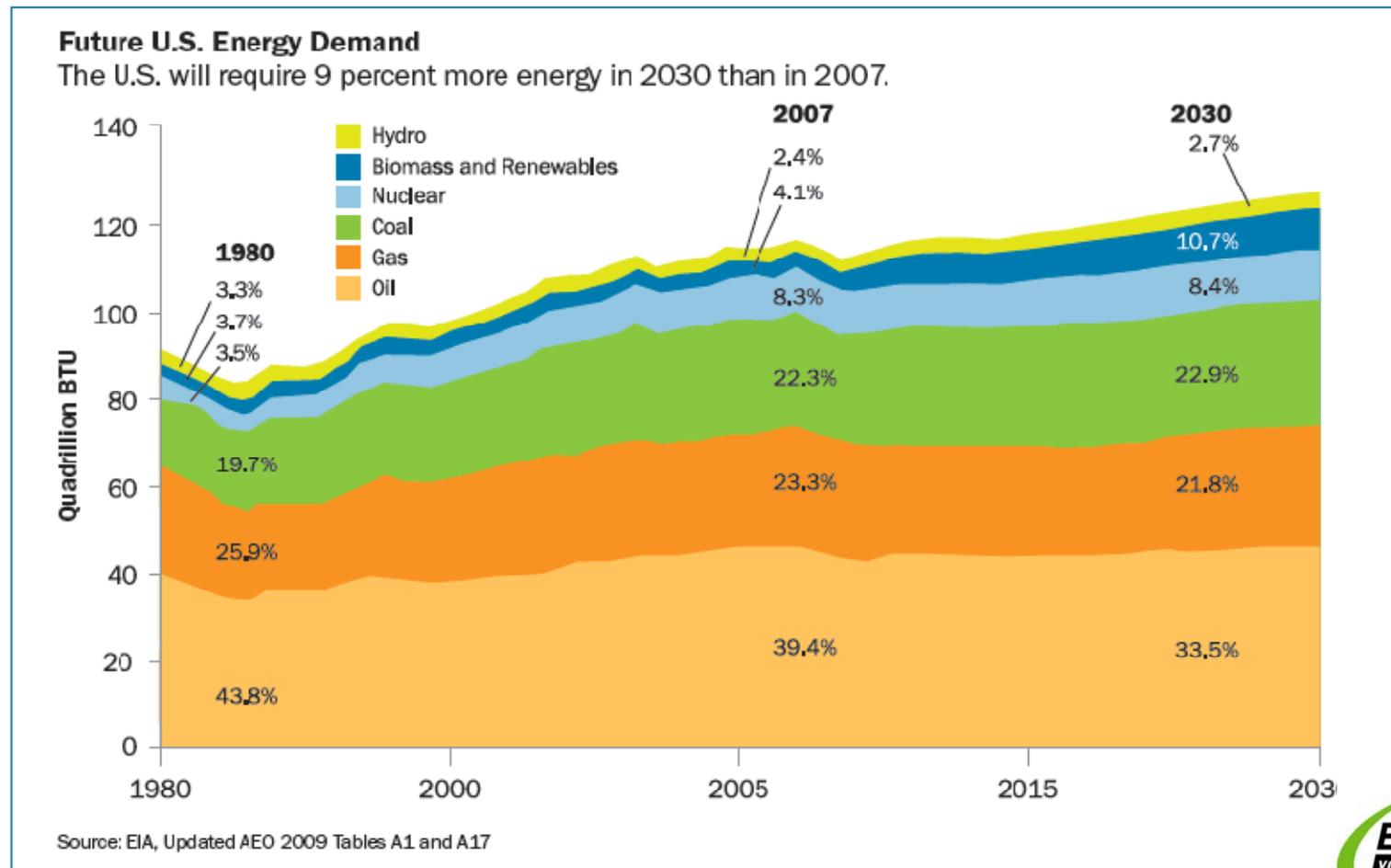


Western States Petroleum Association

Myth: We just need to kick our oil addiction and move to alternative energy

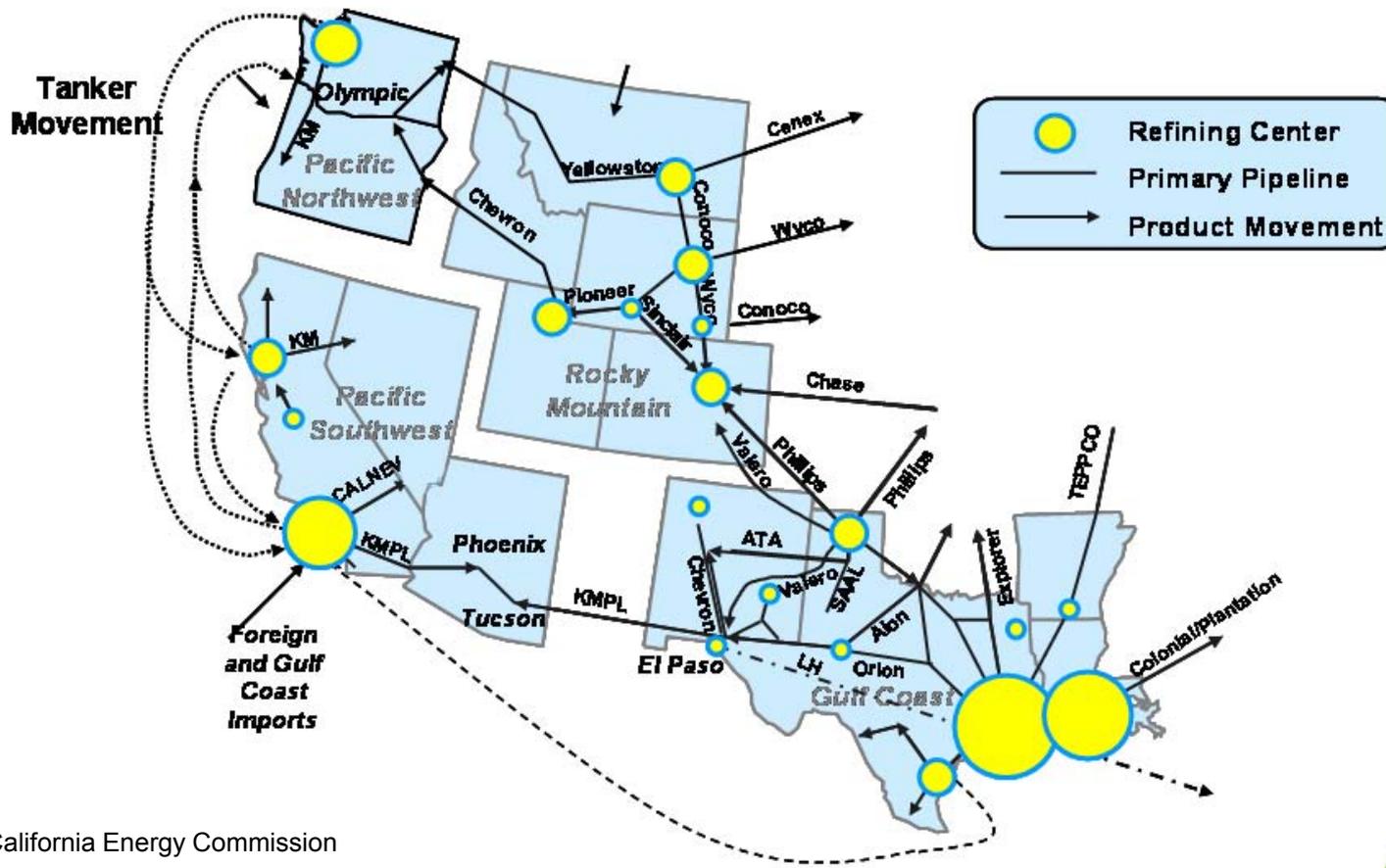


Putting future energy into perspective



Western States Petroleum Association

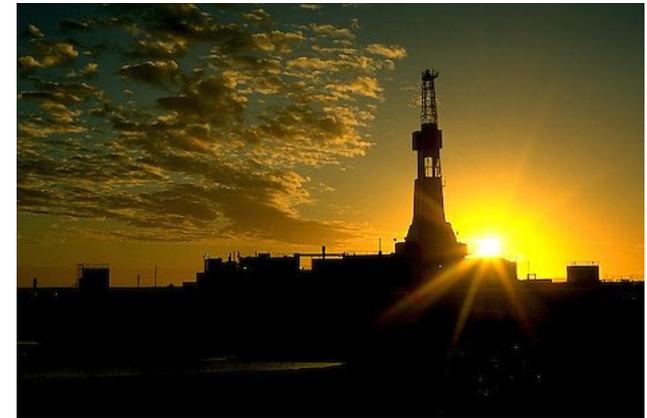
California is an energy island



Source: California Energy Commission

The future will require multiple sources/strategies

- Despite drop in demand, the U.S. needs to improve energy security by better utilizing domestic energy supplies
- We can develop U.S. energy safely and with environmental sensitivity
- We must:
 - ✓ Add domestic supplies through greater access
 - ✓ Conserve energy
 - ✓ Use energy more efficiently
 - ✓ Develop alternative and renewable fuels and technologies



Western States Petroleum Association

