



Offshore Resource Development: When is the Moratorium Really Over?

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CSIS

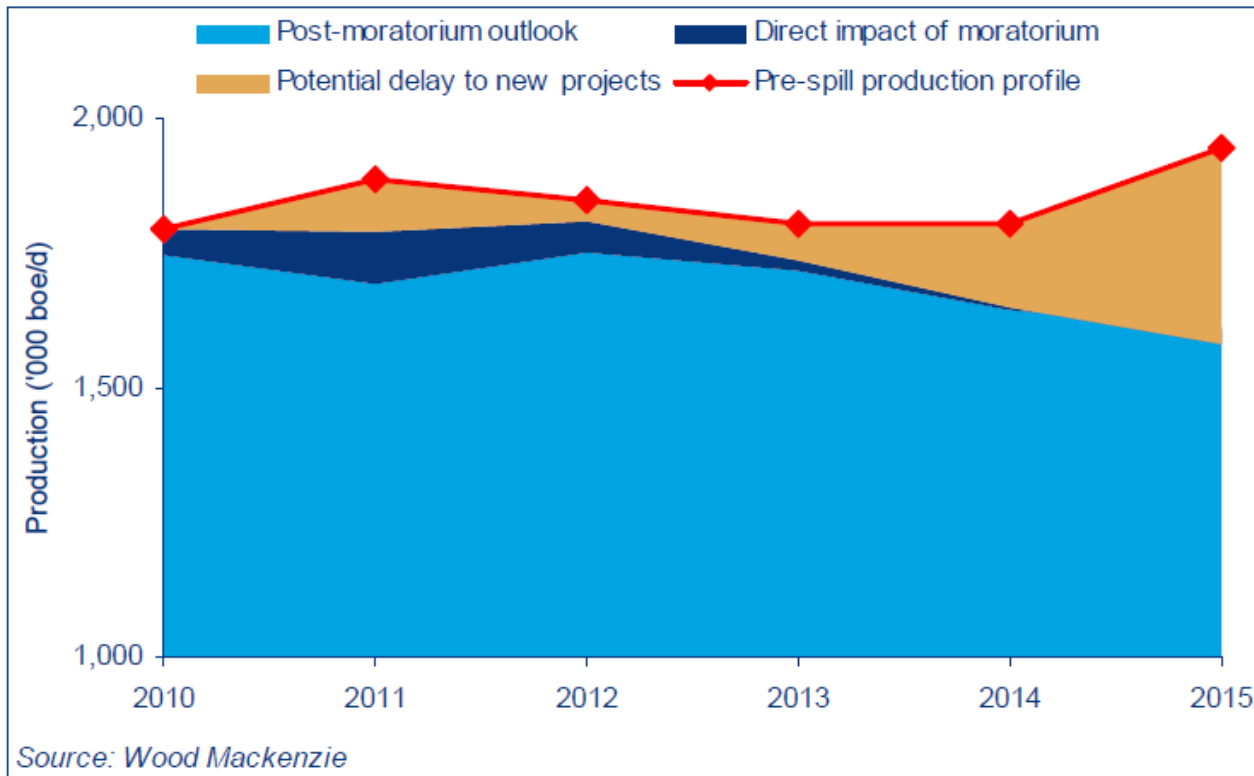
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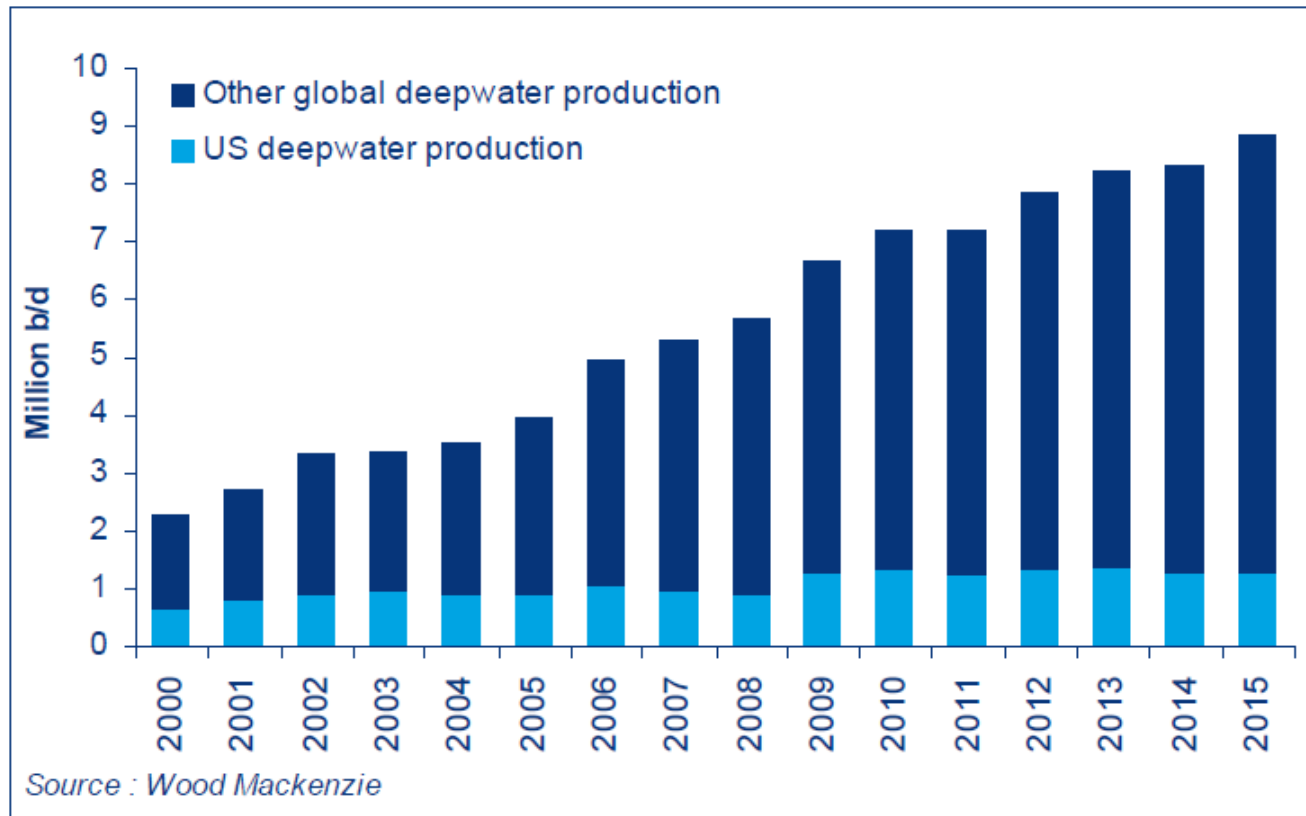
Impact of the Moratorium on US Production

- GOM represents 30% of US oil output; 13% of natural gas
- Deepwater represents 80% of GOM oil – 1.35mmb/d
- Loss of royalties, taxes and affiliated jobs
- 6 month moratorium “delays” expected output into 2011 and reduces 2010 oil production by 30-80mb/d and 2011 output by 150-200mb/d
- At \$80/b, loss means higher import volumes and payments (\$2.9 billion)

Production impact of six month moratorium and potential delays to new projects



Global deepwater (>400M) production



Global Implications Potentially Far Reaching

- **Global deepwater production has grown from 1.6mmb/d (2000) to 5.4mmb/d (2009)**
- **Forecast to reach 8mmb/d in 2015**
- **Significant source of IOC volume growth globally**
- **Loss would increase reliance on OPEC supply,**
- **As surplus erodes: tighter markets & higher prices**

Must Get back to Deepwater Drilling, But..

Impacts of NTL 05, 06? Other Regulations?

NEPA Interpretation?

Significance & Resolution of Insurance/Liability Issues?

**What level of Enhanced Prevention, Readiness and Response
Capability is Enough?**

How long to Prepare and Submit New Permit Applications?

**How Long to Hire & Train New Regulators/Inspectors and
Review/Approve Applications??**

**Threat of Loosing Rigs and Expertise if de facto Moratorium
Persists well into 2011**