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STATE OF NORTH CAROLINA
OFFICE OF THE GOVERNOR
20301 MAIL SERVICE CENTER • RALEIGH, NC 27699-0301

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Contact: Chris Mackey
Office: (919) 733-5612

Gov. Perdue Releases Advisory Panel on Offshore Energy Report *Expert Panel Offers Effective Guidance to Develop State's Offshore Energy Resources*

RALEIGH – Gov. Bev Perdue today released the final report of the Governor's Scientific Advisory Panel on Offshore Energy providing effective guidance to address North Carolina's offshore potential energy resources – oil, natural gas, wind, thermal and hydrokinetic technologies.

“Our state and nation have critical energy needs if we are going to compete and win in the global marketplace, create jobs and keep our economy growing. I am pleased and thankful for the diligent work of all the members of the panel,” Gov. Perdue said. “This report provides critical thinking and sound advice so North Carolina can move ahead, in a responsible way, to look at developing offshore energy resources so the state and nation move toward energy independence.”

The report found these resources will most likely be developed outside North Carolina's jurisdictional waters. This means critical decisions concerning oil and gas exploration will be made at the federal level. The report also highlights that it is critical for Congress to ensure North Carolina receives its fair share of any royalty payments. “Under current law, North Carolina would not receive a share of lease payments or royalties from development of offshore oil and gas,” according to the report. “North Carolina should receive a fair share of leasing fees and royalties to cover these costs and to invest in environmental protection and economic development for the state.” Gov. Perdue has called on Congress to enact legislation ensuring revenue sharing with the state. She will continue to insist that before there is any exploration or development the state must be guaranteed its fair share of revenues.

The report also said there is much more exploration necessary to determine if there is a significant oil and natural gas resource off the state's coast. “Previous geophysical exploration for oil and gas in offshore North Carolina suggests limited resources of oil (about 36 days of

current U.S. demand) and gas (about 246 days of current U.S. demand),” the report found. “However, larger reservoirs of recoverable oil and gas may be discovered during new, more intense exploration.”

The panel found that North Carolina has the largest offshore wind resource on the east coast. “The offshore-wind industry may offer significant opportunities for renewable energy generation and for economic development and job creation,” the panel said. “North Carolina’s extensive coastline and large offshore wind resources appear to make it a prime area for offshore wind development.” According to the report North Carolina should continue to move ahead to promote opportunities for offshore-wind development with the appropriate statutes, rules and regulations that “foster and encourage appropriate offshore-wind development consistent with concerns for the coastal environment and communities.” The report said the state needed to “engage with the industry to attract to North Carolina a wide range of supply-chain facilities and jobs associated with the emerging wind-energy industry.”

Research and development on other forms of ocean renewable energy, such as thermal and hydrokinetic technologies is ongoing and appears promising, although these technologies are not yet ready for widespread commercial development. North Carolina is poised to be a leader in the research and development of these potential energy resources. This is due to the state’s unique geographic position between two major ocean currents which meet off Cape Hatteras combined with our strong foundation in energy research and technology innovations.

The panel recommended the state create a program of research and data collection to ensure there is adequate information to evaluate the impacts of offshore energy exploration and energy development. It also suggested North Carolina should engage in comprehensive ocean and coastal resource management to ensure the sustainable and best use of ocean and coastal resources.

The panel’s findings and recommendations stress that development of any offshore energy resources carries risks and benefits. “Exploration and development of offshore energy resources – oil and natural gas, wind and hydrokinetic technologies and thermal – pose environmental and economic benefits,” the panel said in its findings. “The development of any sources of offshore energy, whether renewable or fossil fuel, will likely have some socioeconomic and environmental impacts. ... and challenges related to infrastructure development, including transmission.”

Gov. Perdue issued Executive Order 23 in September 2009 creating the Scientific Advisory Panel on Offshore Energy. The 15-member panel was led by former N.C. Supreme Court Justice Willis Whichard. The diverse and knowledgeable scientific panel, with representatives from the energy industry, scientific experts and environmental advocates, developed consensus findings and recommendations in the 146-page report. “I am most grateful to Justice Whichard and all the members of the panel for sharing the expertise and their hard work, dedication and concern for our state and its precious coast,” Gov. Perdue said.

“This panel’s work is an essential step in assessing the impact of offshore-energy development in North Carolina,” the panel said in its findings. “But taking the next steps to develop offshore

energy will require a united effort to assess the impacts on North Carolina's economy, communities and natural resources, to promote economic development of offshore energy that boosts North Carolina's economy and to establish North Carolina as a leader in offshore-energy development."

The full report is available online at:

<http://www.nccommerce.com/Portals/14/Documents/OffshoreEnergy/12-13-2011%20Offshore%20Energy%20REPORT%20FINAL.pdf>

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