



1220 L Street, Northwest  
Washington, D.C. 20005-4070  
Phone: 202-682-8116  
Fax: 202-682-8426  
E-mail: rubinm@api.org

**Mark Rubin**  
Upstream General Manager

April 19, 1999

***Via mail and facsimile***

Department of the Interior  
Minerals Management Service  
Mail Stop 4024  
381 Elden Street  
Herndon, VA 20170-4817

Attention: Rules Processing Team

**Re: Petroleum Industry response to MMS Call for comments on proposed amendments to regulations governing how states will review exploration plans and development and production plans for coastal zone consistency 64 FR 7837 (February 17, 1999)**

Dear Sir or Madam:

The American Petroleum Institute (API), welcomes this opportunity to submit written comments concerning the MMS proposed rule change. 64 Fed. Reg. 7837 (February 17, 1999). API represents more than 400 companies engaged in all aspects of the oil and natural gas industry. These companies perform exploration and production activities in federal waters, and have a great interest in the proposed amendments.

MMS proposes to amend its regulations that specify how states will review Exploration Plans (EP) and Development and Production Plans (DPP) for coastal zone consistency. API strongly opposes any change to the current regulations governing the process of securing coastal zone consistency determinations from offsetting states that would impose additional burdens or hurdles on Industry's ability to conduct legitimate exploration and production activities in the Outer Continental Shelf (OCS). Specifically, API opposes any change in the existing regulations that would allow states or other parties to delay or derail offshore oil and gas exploration and development in the OCS. While states have a stake in activities that take place near their shores, states should not be allowed to take unfair advantage of the regulations. API strongly urges MMS not to go forward with this proposed rule change and to leave the existing regulations in place.

It is not in the best interest of Industry, coastal states, or the nation to have the coastal zone consistency determination process strung out by using dilatory tactics, which we believe would be formalized under the proposed changes. In its pursuit of new oil and gas in frontier areas in the OCS, Industry makes every effort to ensure its proposed activities are consistent with the coastal zone management programs of the offsetting state(s).

Under the proposed changes, states would be allowed up to 18 months, and perhaps more, to complete their consistency determination, compared to the current rule, which allows states six months to make their consistency determination once an exploration or development plan is deemed complete and submitted to the appropriate state(s) for review. Moreover, the additional 12 months afforded states could cause delays in certain projects. Because of the time value of money and the large sums of money it takes to develop offshore leases, any delay can significantly increase the cost of doing business. Lengthening the state consistency review process would cause extensive delays in the appeals process in the event an exploration or development plan is deemed inconsistent with a State's coastal zone management program, all without commensurate environmental, economic, or technical benefits. Any subsequent appeal would be delayed by many months and would have a chilling effect on Industry's willingness to go through the extensive process of obtaining federal approval for oil and gas exploration and/or development in frontier areas. It is also our opinion that states already have substantial opportunity to analyze the information needed to complete their consistency reviews and comment fully at every stage of the permitting process, as well as under the environmental impact statement process pursuant to the National Environmental Policy Act of 1969 (NEPA).

The proposed change would not promote consensus and eliminate conflict, as MMS desires, but merely delays the process. MMS justifies this rulemaking by calling for the "maximum amount of information available" to be provided to states. However, the information available to the states today is certainly adequate for consistency review purposes, and to indicate a need for the "maximum amount of information available" tends to create an open-ended obligation for providing information to the states. In addition, API strongly objects to applying the proposed revised rule retroactively to pending development and production plans currently being considered by MMS. Our member companies act in good faith in complying with current requirements and it would be capricious to change the requirements in the middle of the current process, absent a very strong showing of exigent circumstances.

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The OCS Lands Act recognizes that the OCS is a vital national resource that should be made available for expeditious and orderly development, subject to environmental safeguards, in a manner that is consistent with the maintenance of competition and other national needs. The Department of the Interior's mandate is to oversee development of the nation's offshore oil and gas resources and it should not enact regulations that will impede congressional intent and help other agencies or states erode that mandate. We believe that it is in the best interest of the nation to continue to permit Industry to pursue its exploration and development of these frontier areas. Companies have complied fully with CZMA regulations and the offshore oil and gas Industry has an excellent record in operating safely and prudently in the OCS.

In summary, API appreciates the opportunity to comment on the MMS notice of proposed rulemaking and strongly urges MMS to maintain the existing regulations regarding state coastal zone consistency review of Exploration Plans and Development and Production Plans. If you have any questions, please contact Linda Bauch of API's Regulatory Affairs Department, 202-682-8170.

Sincerely,

A handwritten signature in black ink, consisting of stylized, overlapping letters that appear to be 'L' and 'B', likely representing Linda Bauch.