TESTIMONY OF RICHIE MILLER
PRESIDENT, SPECTRUM GEO INC.
BEFORE THE UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON NATURAL RESOURCES
SUBCOMMITTEE ON ENERGY & MINERAL RESOURCES
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Chairman Lamborn, Ranking Member Lowenthal, Members of the Subcommittee: Good morning. I appreciate the opportunity to be here today to discuss the "The Fundamental Role of Safe Seismic Surveying in OCS Energy Exploration and Development" and the need for America to access its offshore oil and gas resources.

I am President of Spectrum Geo Inc., a company engaged in acquiring non-exclusive seismic data, processing it, and licensing these products to oil and gas companies. The Spectrum Group is built on the company's reputation as a reliable seismic service provider and serves a global clientele. The Group provides innovative non-exclusive services and high quality seismic imaging from regional offices in the US, the UK, Norway, Singapore, Brazil, and Australia. Spectrum is also a member of the International Association of Geophysical Contractors, a global trade association representing our industry, as well as the National Ocean Industries Association, the only national trade association representing all segments of the offshore energy industry.

We are pleased that the Subcommittee is holding this hearing today. It could not be timelier. This is the third occasion I have testified before the Subcommittee. The first two were to discuss the potential role that seismic could play in helping the U.S. discover new oil and gas resources in the Atlantic Outer Continental Shelf (OCS), in turn increasing America's energy security and providing jobs and revenue to our economy. In those hearings, we discussed that while the US has been successfully exploring and developing its offshore oil and gas resources since 1947 and the deep water plays in the Western and Central Gulf of Mexico continue to be productive, the U.S. needs to begin exploring new areas in order to meet future demand.

Those previous hearings also noted that past oil and gas seismic surveys conducted in Atlantic waters date back over 30 years, highlighting two important points: first, those surveys were conducted safely and without harm to marine life or coastal communities, consistent with scientific findings from more than 40 years of seismic surveying around the globe; and second, technology has advanced exponentially in that time, allowing for far greater clarity in identifying potential resources and demanding new data on which future decisions can be based.

Since those hearings, Spectrum Geo and some of our industry colleagues have embarked on the process of obtaining the necessary permits and approvals to acquire modern seismic data in the Mid- and South-Atlantic. The process has been wrought with delays and uncertainty. Of particular concern is the process for the National Marine Fisheries Service (NMFS) issuance of Incidental Take Authorizations (IHAs) under the Marine Mammal Protection Act (MMPA), which is critical to the permitting of exploration and development activity throughout the Outer Continental Shelf (OCS).

Last summer, the U.S. Department of the Interior (DOI) approved a process for geological and geophysical survey firms to submit applications for seismic acquisition in the Mid- and South Atlantic. A few companies have filed applications with NMFS to obtain IHAs, a prerequisite of Bureau of Ocean Energy Management consideration of the applications to perform oil and gas seismic surveys in the Mid- and South Atlantic OCS, and this NMFS process is still ongoing nearly one year after application

submittal. We have now been told the earliest an IHA will be approved is late December, meaning the earliest a program can commence will be in spring 2016.

Spectrum first met with NMFS to discuss our plans to acquire seismic data in December 2013. Since that time we have been in close contact with NMFS about the schedule for submitting necessary documents for approval. On August 15, 2014 we submitted our IHA and Environmental Assessment to NMFS. At the time, we understood that we would complete the process in the spring and could begin acquiring seismic this summer. That timeline has since slipped considerably until the end of 2015 and our application has still not been deemed complete. We also understand that NMFS has added a new, unprecedented "public review" period to the process in addition to the existing public comment period.

Meanwhile, Spectrum also underwent several consistency determinations with coastal states under the Coastal Zone Management Act (CZMA). We successfully completed that process with the states and NOAA in a timely manner.

In order for American consumers to benefit from our vast, untapped offshore energy resources, it is critical that seismic companies have sufficient lead time in knowing when their permits will be issued as personnel, vessels, equipment, and supplies need to be located and deployed. We are becoming increasingly frustrated that the IHA process is taking far longer than expected. These delays could ultimately jeopardize the timely acquisition of seismic data.

Federally funded academic seismic surveys take place off the U.S East Coast virtually every year without IHA delays. In fact, one such survey secured an IHA from NMFS earlier this year and was just completed this past week, while another other survey that secured an IHA in roughly five months is ongoing and covers a huge area stretching from Massachusetts to Georgia, extends 350 nautical miles offshore, and spans a full year in duration. Another federally funded seismic survey conducted in 2014 secured an IHA from NMFS in about seven months and took place offshore North Carolina. None of these IHAs underwent a "public review" period in advance of the statutorily required 30-day public comment period, as is now expected to be required for Atlantic oil & gas survey applications.

It is important to note that other countries permit seismic operations much more efficiently than the U.S. is doing for the Atlantic. For example, Mexico just recently opened up its OCS for non-Mexican explorers and to new seismic acquisition. Spectrum thereafter filed a permit for seismic acquisition in Mexico in February of this year and began acquiring data on June 10th. This took place after completing an environmental impact statement and a social impact study, submitting those applications and studies and receiving approval from three Federal agencies for a program using very similar mitigation techniques to those that would be used in the U.S. Atlantic. There are now eight seismic vessels and five companies operating in different areas of the Mexican Gulf of Mexico in a safe and efficient manner.

Elsewhere, oil & gas seismic acquisition has been taking place offshore the Canadian Atlantic during the past six summer seasons without incident to marine life. Similarly, oil & gas seismic operations have been underway in the Bahamas, Cuba, and Alaska over the last few years. Like the surveying off the U.S. Atlantic coast in the 1970's and 1980's, this work is done only after necessary environmental permits are secured and is accomplished with no harm to marine life or coastal communities.

The U.S. Atlantic thus lacks an effective system and schedule for the issuance of IHAs for seismic acquisition. Without such certainty, American consumers are thwarted from better understanding the true potential of this public resource. Under the status quo there are no deadlines, but rather seemingly

endless delays. This is an inefficient system that makes it difficult to arrange for vessels and services and has negative impacts on our budgets and those of our clients. Over the past two-and-a-half years, we have spent almost $1 million in pursuit of our permit. Spectrum and other companies continue to spend time and money on this broken process and we may never get the permits necessary to inform the public and decision makers on the Atlantic's true resource potential. This system needs to be fixed. It is a hindrance not only to our industry's ability to do business in the United States, but also to your ability as elected officials to make informed, science-based decisions.

Furthermore, modern seismic imaging provides greater certainty for explorers. It increases the likelihood that exploratory wells will successfully tap hydrocarbons and helps us avoid drilling for oil and gas in areas where we won't likely be successful. It also reduces the number of wells that need to be drilled in a given area, thus reducing the overall footprint for exploration. For these reasons, and to better understand the extent of resources that exist in areas like the Atlantic Outer Continental Shelf and for the betterment of our national security and economic well-being, we need modern seismic data. In turn, we need a system that allows us to acquire that data. Let's allow science and modern technology to help us discover what resources we have. We owe it to ourselves.

Thank you for the opportunity to testify before the Subcommittee.

IHA TIMELINES FOR RECENT ATLANTIC SEISMIC RESEARCH SURVEYS

Lamont-Doherty Earth Observatory and NSF Seismic Survey offshore NJ (2015)

12/21/14 – permit request submitted
3/17/15 – FR notice of 30 day public comment period on proposed authorization
4/16/15 – 30 day public comment period concludes
5/7/15 – IHA issued
5/14/15 – IHA published in FR
Effective dates: 6/1/15 through 8/31/15
NOTES: Survey concluded the week of July 6, 2015. This IHA is identical to that issued in 2014. The researcher (Rutgers Univ.) had to abort the 2014 survey when the vessel had mechanical issues. The survey was pushed to 2015, and the date change triggered a requirement for a new IHA process. The original 2014 process (found at the bottom of this page) took less than 7 months (application submitted on 12/16/13, IHA issued on 7/1/14).

USGS Marine Seismic Survey in the Atlantic Ocean off the Eastern Seaboard

March 2014 – permit request submitted
6/23/14 – FR notice of 30 day public comment period on proposed authorization
7/23/14 – 30 day public comment period concludes
8/21/14 – IHA issued
9/2/14 – IHA published in FR
Effective dates: 8/21/14 through 8/20/15
NOTES: covers an area stretching from Massachusetts to Georgia, extends 350 nautical miles offshore (see Figure 1, page 3), and spans a full year in duration.

Lamont-Doherty/NSF Marine Seismic Survey in Atlantic Ocean off North Carolina

2/18/14 – permit request submitted
7/25/14 – very modest revision submitted
7/31/15 – FR notice of 30 day public comment period on proposed authorization
9/2/14 – 30 day public comment period concludes
9/12/14 – IHA issued
9/25/14 – IHA published in FR
Effective dates: 9/15/14 through 10/31/14