



Memorandum

To: Representatives and Senators

From: Charles Davidson
Chairman, President and CEO, Noble Energy, Inc., and
Chairman, Domestic Petroleum Council

Date: October 25, 2005

Subject: Offshore Energy Resources: Essential for America

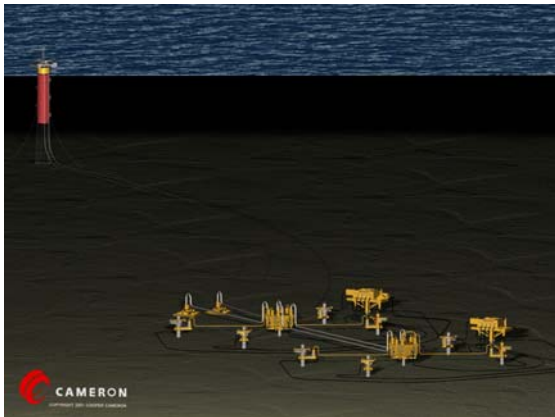
The need for diversified domestic energy supplies, especially natural gas, has never been clearer.

Our ability to produce them offshore safely and cleanly with modern technology is better understood everyday.

As demonstrated even in the most severe hurricane situations, offshore oil and gas exploration and production operations are among the safest in the world, with environmental protection paramount.

During exploration, jack-up or semi-submersible rigs and drill ships have multiple systems and physical barriers to ensure that no spill occurs. Most important, along with multiple, redundant remote control systems, are “blowout preventers” which for deep water wells are installed on the well at the seabed and are capable of immediate closure in event of any emergency.

Once a field has been discovered and is in the development or production stage, completed wells flow through permanent “Christmas tree” systems –increasingly on the seabed for subsea developments as opposed to on a surface facility -- of multiple valves to control oil and gas flow. These may be operated from tens or even a hundred miles away with multiple, redundant communication systems.



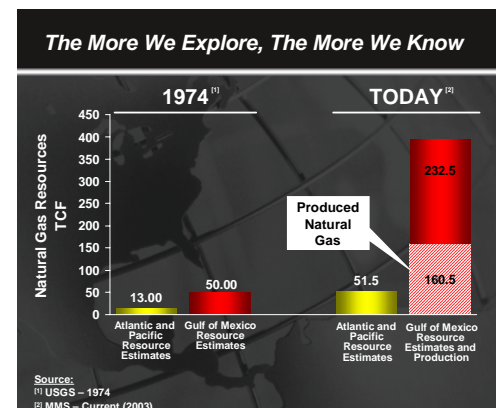
Finally, a “downhole safety valve” is installed in the well itself below the seabed to provide an added protection barrier in the event of some catastrophic event’s damaging the Christmas tree.

The outstanding environmental record of U.S. companies offshore around the world is well recognized as ...*technologies are allowing the offshore industry to venture into deeper waters than ever before, while protecting marine life and subsea habitats...*¹ -- even in the most challenging areas such as the Arctic and North Sea and in otherwise catastrophic weather.

The resource potential offshore will only be determined by exploration. But consider: Current natural gas resource estimates in moratoria areas off the Atlantic and Pacific Coasts are approximately the same as those of the Gulf of Mexico in 1974. Since then – from the areas in which exploration and production have been allowed – we have already produced more than three times the 1974-estimated natural gas and the latest government estimates are that almost five times as much gas still remains to be produced from the Gulf! The more we explore, the more we know.

Congress should begin to allow states to opt out of coastal energy exploration and production moratoria and share in resulting energy revenues.

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¹ Clinton Administration DOE report: *Environmental Benefits of Advanced Oil and Gas Exploration and Production Technology*, 1999.