North Carolina League *of* CONSERVATION VOTERS

Fact Sheet



Five Truths About Oil & Gas Drilling off North Carolina's Coast

1) Spills happen.

Despite promises of improved technology after the disastrous Deepwater Horizon oil spill in 2010, there is no 100% guarantee on avoiding spills. Based on average national rates, the expected annual loss from oil spills off NC's coast is $83 million. Additionally, spills bring their impact onshore, affecting the property values in surrounding counties. Early estimates note that these costs could reduce property values by between $636 million and $4.7 billion dollars.[1] Moreover, the impact from oil spills has serious long-term consequences. The long-term toxic effects can impair reproductive success for marine mammals, sea birds, fish, shellfish, and other critical sea life,[2] which have ripple effects on our coastal economy and ecology.

2) Major coastal industries, such as fishing and tourism, would likely face major revenue losses.

In 2012, the commercial fishing industry boasted almost 3500 jobs with a total economic impact of $116 million, with the greatest impact in Dare and Carteret counties.[3] Tourism remains the number one employment industry for the Outer Banks, providing 30,000 jobs for North Carolinians. Tourism also contributes significantly to the success of local economies. In 2013, tourism generated an economic impact of $953 million in Dare County, $477 million in New Hanover County, and $470 million in Brunswick County. The big picture: fishing, tourism, and recreation support roughly 51,000 jobs total and generate nearly $2.2 billion for the state.[4]

3) Too great of risk for too little reward.

The estimated amount of oil and gas reserves off North Carolina's coast is a paltry 3% and 6%, respectively, of the total national supply. Based on current consumption rates, the amount of recoverable oil and gas from our coast would only meet domestic demand for 38 days (oil) and 98 days (gas). After spending years constructing the infrastructure to drill, causing habitat-destruction in its wake, our oil and gas producing days would cease to exist after four months.[5] Even an occasional gambler knows that this is not a smart investment.

4) Coastal communities will not see revenues from drilling in the near future – if at all.

Under current federal law, North Carolina would not receive revenue sharing from oil and gas drilling operations.[6] In fact, federal law prohibits states from revenue sharing plans like the one Governor McCrory is proposing for beach nourishment and other coastal-specific concerns. Furthermore, our state lacks the necessary infrastructure to host onshore activities that accompany offshore drilling. Likely, these revenues and jobs would likely go to our neighbors (i.e., Virginia, South Carolina) who have ports capable of sustaining offshore drilling activities. Once again, the "economic benefits" are benefiting someone else while we are left with the mess. No matter how our leadership tries to slice the financial benefit, the reality is that very little pie will be shared with the people and businesses bearing the brunt of offshore drilling's negative impacts.

5) Increasing offshore drilling will not lower the price of oil.

Even with record low prices at the pump these days, additional oil supplies will not further drop the price of gasoline for consumers or industries. According to the Department of Energy's Energy Information Administration,[7] drilling in areas previously closed to oil and gas drilling (such as the Atlantic) "would not have a significant impact on domestic crude oil and natural gas production… before 2030 [the end of the analysis period]." The argument that opening the Atlantic to drilling will grant America energy independence is completely false.

Even though the timeline for offshore oil and gas drilling appears to be far into the future, the opportunity to stop it from happening is now. The further down the road the federal government travels with the oil and gas industry, we will have fewer chances to save North Carolina's coastal communities, environment, and way of life.

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[1] Walden, Dr. Michael. "The Economic Potential From Developing North Carolina's On-Shore and Off-Shore Energy Resources." April 2013.

[2] Minerals Management Service, 2001. Gulf of Mexico OCS Oil and Gas Lease Sale 181, Final Environmental Impact Statement Vol. I, p. IV-28; MMS. 2008. Beaufort Sea and Chukchi Sea Planning Areas: Oil and Gas Lease Sales 209, 212, 217, and 221, Draft Environmental Impact Statement. Vol. II, Chapter 4.4, p. 4-409

[3] McInerny, Stephanie, and Hadley, John. NC DENR. "An Economic Profile Analysis of Coastal Commercial Fishing Counties in North Carolina." March 2014.

[4] OCEANA. "North Carolina's Offshore Energy." Fact Sheet.

[5] N.C.G.S. 113-B. "Revenues From Offshore Energy Production."

[6] OCEANA. "North Carolina's Offshore Energy." Fact Sheet.

[7] "Impact of Limitations on Access to Oil and Natural Gas Resources in the Federal Outer Continental Shelf." U.S. Energy Information Administration. Released; Issues in Focus, AEO2009. Accessed February 2015. <http://www.eia.gov/oiaf/aeo/otheranalysis/aeo_2009analysispapers/aongr.html>