News Release

Virginia Manufacturers Association **For Immediate Release**
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Lt. Governor Bolling & Senator Frank Wagner Chair Offshore Royalty Revenues Forum

RICHMOND, VA - In conjunction with the ongoing federal preparation for offshore oil and gas leasing in Virginia's adjacent waters, Lt. Governor Bill Bolling and Senator Frank Wagner brought business and consumer group leaders together this week to discuss the benefits of a royalty revenue sharing program from development of the Outer Continental Shelf (OCS) for the Commonwealth of Virginia.

Representatives from Virginia Natural Gas, Columbia Natural Gas, Consumer Energy Alliance, Southeast Energy Alliance, Virginia Manufacturers Association, National Ocean Industries Association, Pulp & Paperworkers' Resources Council, Virginia Chamber of Commerce and the Virginia Petroleum Council participated in the Forum. Each group shared their thoughts on how Virginia could better collaborate to raise awareness about environmentally responsible OCS development and the urgent need for dedicated royalty revenue for the Commonwealth.

Lt. Governor Bill Bolling stated in his opening comments that he will "lend full, complete and enthusiastic support to efforts to move forward as quickly as possible with the exploration and development of Virginia's offshore energy resources." He also recognized that while OCS development "is not the sole solution [to our energy needs,] …it is a large part of the plan we can put together to become less dependent on foreign energy sources."

Senator Frank Wagner suggested that royalties from OCS development would be the "best way to raise revenue for Virginia through the creation of this new [industry and] source of revenue which would stimulate the economy." He noted that "those states heavily involved in energy production are those that are better off right now" with regards to unemployment rates and state revenue gains.

The Virginia Manufacturers Association, citing a study conducted in 2006 by the Secretary of Commerce and Trade, noted that Virginia has studied the issue carefully with all stakeholders for nearly five years and the study made the determination that "Virginia OCS offshore exploration of natural gas and, perhaps, other hydrocarbon resources can be safely undertaken with the proper controls…" The 2006 Virginia study also recommended that "Therefore, Virginia, if given the opportunity, should allow exploration of natural gas in its OCS areas contingent on the conditions set forth below being satisfied."

VMA's President and CEO, Brett Vassey, proposed that "Virginia should dedicate royalty revenue to critical transportation infrastructure, local government economic development, regional workforce training centers for skills development, water quality improvement, renewable electricity production, clean coal research and coastal energy research. These investments will help prepare us for the next economic challenge," Vassey said.

In a 2006 analysis by the Minerals Management Service (Atlantic,) it was estimated that Virginia's OCS could yield 7.57 billion barrels of oil and 66.46 trillion cubic feet of natural gas. This new industry for Virginia would result in approximately 2,578 jobs, $7.84 billion in capital investments, $644 million in direct and indirect payroll and $271 million in state and local taxes. This analysis excluded the potential for $4.35 billion in additional revenue over 30 years from royalty sharing with the Federal government.

It is estimated that Virginia could begin leasing OCS lands as early as 2011 if the U.S. President and Congress do not reinstitute the Federal moratorium and the Secretary of the Interior does not delay the offshore lease sale at the request of Commonwealth of Virginia Governor Tim Kaine.

For more detailed coverage of the April 7th, 2009 event, please see the Richmond Times-Dispatch coverage at: http://www.timesdispatch.com/rtd/business/energy/article/B-DRIL08_20090407-210612/251234/

For more information about the Virginia Manufacturers Association, please visit www.vamanufacturers.com.