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Offshore drilling hits a big 'stop sign'

Ruling allows California to review impact

From wire service reports

SAN JOSE, CALIFORNIA | A federal appeals court on Monday effectively blocked new oil drilling off the California coast in the near future by upholding a lower court decision that state officials first must scrutinize drilling plans for environmental hazards.

The ruling by the 9th U.S. Circuit Court of Appeals doesn't prevent new ocean drilling. But it continues to freeze all drilling plans on undeveloped tracts in federal waters off the state's coastline until the California Coastal Commission reviews their impact on the ocean, the shoreline and marine life.

Ruling unanimously, a three-judge panel rejected arguments by the Bush administration that state officials lack authority to review oil leases in areas of the ocean under federal jurisdiction.

The 33-page ruling graphically described the dying seabirds and 30 miles of blackened beaches from a 1969 oil platform blowout off Santa Barbara that, the judges wrote, "might have been avoided but for a failure of federal oversight."

The state's ability to review and influence federal decisions on offshore oil development in federal waters were designed to prevent these "failures," the judges wrote.

Gov. Gray Davis called the decision a victory for state's rights and likened it to "a big stop sign" to leaders in Washington. "They should take the hint and halt further attempts to exploit California's spectacular coastal resources."

The U.S. Department of Interior said its lawyers were reviewing the ruling.

The main way drilling could go forward in that case is if President Bush invokes an obscure section of federal law stating the drilling "is in the paramount interest of the United States."

Most U.S. offshore oil drilling now occurs in the Gulf of Mexico.

In California waters, nearly the entire coastline is already off-limits to new offshore oil and gas drilling. Four national marine sanctuaries bar oil drilling permanently.

On the rest of the coast, new oil drilling was banned until 2012. The only drilling now occurring takes place on about 30 oil platforms, mostly around the Santa Barbara Channel. Over time, they are scheduled to go out of service as oil fields are tapped out.

At issue in Monday's case were 36 lease areas in federal waters more than three miles off the coastlines of San Luis Obispo, Santa Barbara and Ventura counties.

Nuevo Energy of Houston, one of the leaseholders, met with Department of Interior officials last year asking for a buyout of the leases. They noted that in 2000, federal courts ruled the Interior Department had to pay Mobil and Marathon oil \$158 million after Congress banned new drilling off North Carolina and they could not drill on leases where they had paid rent.

But environmental groups say the government should entertain no such buyout now because circumstances are different.

"We are simply asking the oil companies to comply with a pre-existing law and let the leases expire," said Linda Krop, chief counsel for the Environmental Defense Center.

Coastal management faces stiff opposition

By Cory Reiss
Washington Correspondent

WASHINGTON | In May, President Bush announced a federal buyout of offshore drilling leases near Pensacola, Fla., settling one dispute but not the score between coastal states and energy companies.

Now, Big Oil tastes payback.

Three companies would walk away from natural gas drilling leases in an area of the Gulf of Mexico known as Destin Dome. Despite the \$115 million that the government would pay, oil executives grouse that this is the latest setback to offshore production at the hands of a landmark law called the Coastal Zone Management Act, or CZMA.

The Bush administration wants to change CZMA to prevent states from wielding powers the way Florida did. The act, which is the nation's primary tool for controlling growth in environmentally

sensitive coastal areas, has allowed states to block drilling projects indefinitely or until frustrated companies take buyouts or court settlements.

"How it's implemented has basically been as a tool for states to support their philosophical opposition to offshore drilling, and that is really not what it was meant to do," said Thomas Michels, spokesman for the National Ocean Industries Association, which includes energy producers.

Delay tactics

The act, passed in 1972, spawned coastal management programs in 33 states and territories that cover nearly all U.S. coastlines, including the Great Lakes. After states voluntarily created

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management plans that met federal approval, they received two major rewards: grants for planning, administration and related purposes, and authority over federal permits for activities such as dredging and offshore development.

The act provides a basis for protecting coastal areas, but it does not dictate what states should do with their shores. Management decisions are on the state level. Some states have more stringent wetlands rules; others have greater waterfront access. While Louisiana and Texas have embraced offshore drilling, other states have blocked it.

Since 1999, energy producers have been instrumental in stalling CZMA's reauthorization in Congress. The Congressional deadlock shows no sign of breaking this year.

On Tuesday, the National Oceanic and Atmospheric Adminis-

tration announced it wants to change CZMA rules that allow states to delay drilling decisions. That would hand oil companies a victory that concerns some lawmakers.

"We should be working to enforce these laws, not weaken them," said a joint statement from Sen. Barbara Boxer and Rep. Lois Capps, both Democrats from California, a state that has relied heavily on CZMA for protection from drilling.

NOAA's announcement contains no details about proposed rule changes that might emerge, but the agency is suggesting limits on how long states could drag out the process of deciding whether drilling proposals are consistent with state coastal management plans. For example, states frequently ask for more information as a method of staving off drilling.

The move is a result of Vice President Dick Cheney's energy panel, which primarily sought input from energy industry executives on how to boost domestic production. The panel recom-

mended streamlining the offshore drilling process.

Sprawling questions

This is more than a story about an industry having its way under a pro-drilling Bush administration. As CZMA turns 30 this year, the dispute has raised questions about the future of coastal management.

The congressional deadlock over CZMA suggests lack of support for its environmental objectives, conservation groups say. It emboldens property rights activists who oppose limits on use of private wetlands and farmers who want to thwart mandates that states control runoff into streams and rivers.

While CZMA languishes, the state-run federal program falls further behind the times, experts said. Some project that 60 percent of the nation's population will live along coasts by 2010.

So far, state coastal management programs have suffered mainly psychological damage

from the stalemate. Congress keeps spending money on CZMA grants — \$77 million this year — overlooking the three-year lapse in the act's authorization. But people are asking a key question about coastal management: What next?

"There's a need for a program that looks at where we are today and says, 'What are we going to do about sprawl?'" said Jackie Savitz, director of the pollution campaign for the environmental group Oceana and formerly the executive director of the Coast Alliance. "It's definitely outdated."

Sen. Ernest "Fritz" Hollings, D-S.C., who wrote the original CZMA bill, says the act must evolve.

Last month Sen. Hollings introduced a bill that would add \$60 million a year to the CZMA for states to buy and protect land.

"We appear to need more tools to help the states continue the job we started in 1972," Sen. Hollings said. "Big changes are coming to all of our coastal counties, and we must make some

careful and smart decisions if we want to keep the very resources we depend on."

He's partly trying to jumpstart the reauthorization process, which is typically the time when Congress charts new courses for major laws and reviews funding. He could, however, be opening a door some environmental groups want shut.

Status quo woes

Environmentalists prefer the status quo to losing ground in a reauthorization fight at a time when business interests hold sway.

Opposition showed muscle in 1999 when the Republican-controlled House passed a CZMA reauthorization that stripped several environmental provisions and strengthened private property rights over conservation. The measure died in the Senate, to the relief of environmental groups that have become gun-shy about pressing the issue, and we must make some

Many of them say that the CZMA was a seminal step in controlling development but that it's fallen short over 30 years. They would rather focus on strengthening state rules and other federal laws, such as the Clean Water Act, than break what until now has been a forced

truce. Todd Miller, executive director of the N.C. Coastal Federation, an environmental watchdog group, said he's been disappointed.

"It hasn't come anywhere close to living up to the basic goals of the program," he said. Coastal management officials say they have no way to measure how well CZMA and its state programs have controlled development through such mechanisms as land use plans and permits. There is no data either way.

Nevertheless, Bud Ehler, director of the Office of Coastal Zone Management in NOAA, argues CZMA has been invaluable. "The coasts are better off 30 years later than they would have been," he said.

Oil-drilling push hits choppy seas

Administration's plan to boost offshore output is under attack in several states

By Martin Kasindorf
USA TODAY

LOS ANGELES — Disputes over offshore drilling for oil and natural gas are playing out in several states as President Bush presses Congress to increase domestic energy production.

► California and Florida, where the Bush administration is in debate over whether oil companies holding leases to develop offshore oil and gas reserves will be allowed to sink production wells. The two states are centers of public opposition to drilling off famed tourist beaches.

► Alaska, where the North Slope fishing industry and native Alaskans who hunt bowhead whales oppose Interior Department plans to sell leases in the Beaufort Sea.

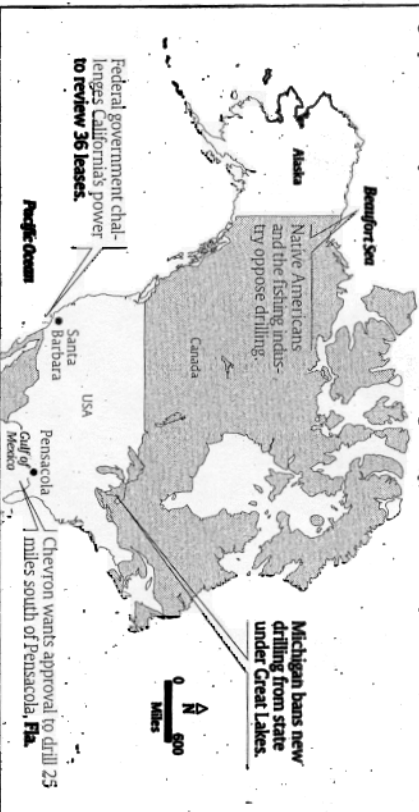
► Michigan, where the Legislature just voted to ban additional drilling under the Great Lakes, overruling objections from Republican Gov. John Engler. He has signaled that he will let the bill become law without his signature.

Bush wants to increase domestic oil and gas production to reduce the nation's dependence on imported petroleum. One of his most controversial proposals is to allow drilling in part of Alaska's Arctic National Wildlife Refuge, home to caribou and other species. The proposal has passed the House, but Senate Democrats say they have the votes to block it.

Offshore oil and gas drilling has been an important component of American petroleum production for decades. Located chiefly in the Gulf of Mexico off the coasts of Texas, Louisiana, Mississippi and Alabama, offshore rigs generate about 28% of the country's domestic production of oil and 24% of its natural gas, according to the

Conflicts over offshore drilling

President Bush's national energy policy, being debated in the Senate, calls for increased domestic oil and gas production. Proposals for increased offshore drilling have sparked controversy in several states.



Source: Reported by Martin Kasindorf, USA TODAY

By Ashlene Lewis, USA TODAY



By Karen Covington for USA TODAY

Near the beach: Mike Byrd and son Ethan play in the surf last July at Dauphin Island, Ala., site of several oil and gas operations.

American Petroleum Institute.

Criticism of offshore drilling dismisses administration officials. "We have to balance the needs of onshore communities against the energy needs of the nation," says Dian Lawhon, Union Oil well blew out in fed-

Department's Minerals Management Service. "We have to remember that we are now importing more than 50% of our oil from foreign countries." A backlash against offshore rigs began in 1969, when a

eral waters near Santa Barbara, Calif. Beaches were fouled with 4 million gallons of crude oil. The incident galvanized environmental groups.

Twenty platforms still operate in the Santa Barbara Channel, easily seen from the Pacific Coast Highway. Modern technology has improved the industry's safety record. The only significant recent mishap, which happened five years ago, spilled 9,900 gallons.

In the 1980s, Congress established a moratorium on new federal leasing off most of the nation's coast. President George Bush ordered a 10-year moratorium in 1990. President Clinton enlarged the ban's territory and extended it to 2012.

President Bush supports the federal moratorium but "wants to work with local officials who say, 'We wish to have energy production off our shores'" in areas still open, Interior Department spokesman Mark Peiffer says.

State officials in Alaska, Louisiana, Mississippi and Alabama welcome more offshore production because of the jobs it brings. A Gulf Coast exception is Florida.

In July, Florida Gov. Jeb Bush pressed the president, his brother, to compromise on leasing a swath of the eastern Gulf of Mexico.

Clinton and former governor Lawton Chiles had agreed to a 5.9-million-acre lease sale, potentially putting rigs 30 miles from Florida's Perdido Key, near Pensacola. In the compromise, Interior Secretary Gale Norton shrank the lease area by 75% and agreed that no rig would be closer to Florida than 100 miles. Norton says the area contains enough natural gas to serve a million families for 15 years and enough oil to fuel a million autos for six years.

The deal didn't settle all the offshore drilling issues in Florida. Chevron USA has filed to place about 20 gas-production platforms 25 miles south of Pensacola's popular beach.

The state has rejected Chevron's proposal. Chevron has appealed to the Commerce Department. If the federal government overrules Florida, other energy companies eventually could drill on 100 existing leases nearby.

Florida environmentalists are livid at the prospect.

"President Bush has to realize that Florida is a must-win state for him," warns Mark Perullo of the Florida Public Interest Research Group. "If the first-ever production drilling rig appears off Florida on his watch, there will be a political price for him."

Political analysts say Bush damaged his political fortunes in California in January when the administration appealed an Oakland federal judge's decision that broadly defined the state's power to review and veto U.S. leasing decisions.

The case involves 36 undeveloped Santa Barbara Channel leases signed from 1968 to 1984. They would have expired by now — as California wants — except for frequent Interior Department extensions.

California Gov. Gray Davis, a Democrat, has setted on the issue for his November re-election campaign. "The governor remains adamant in his resolve to maintain California's right to protect its ocean and coastal resources from the adverse impacts of offshore oil and gas development," says David Chal, a spokesman for Davis.