

Offshore drilling loopholes may close

By Cory Reiss
Washington Correspondent

WASHINGTON | Coastal states have tied up offshore oil and gas drilling for two decades with endless red tape. Now, the Bush administration is pulling out the scissors.

Federal regulators have proposed changing rules that states such as Florida, North Carolina and California have used in battles over drilling rights.

The proposals are meant to close loopholes that have allowed states to hold projects in limbo until energy companies lost in court or gave up after long delays.

Environmentalists say the plans, which the National Oceanic and Atmospheric Administration quietly issued June 11, would weaken states' rights.

"It is part of a carefully orchestrated effort to open sensitive coastal waters around the country to offshore drilling," said Richard Charter, marine conservation advocate for Environmental Defense.

Energy companies, however, said the plans don't go far enough.

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NOAA, which is part of the Commerce Department, proposed 23 changes to rules governing the Coastal Zone Management Act, a 1972 law that gives states considerable say in coastal and offshore development.

If approved, the rules would tighten deadlines during reviews,

appeals and other proceedings that states have dragged out with demands for more information. The proposals also redefine federal activities subject to state review.

Coastal states could be in for a combination punch.

On June 12, the day after the NOAA proposals were published, the Senate approved 54-44 a comprehensive offshore oil and gas inventory as part of energy

legislation. Democratic Sens. Bob Graham of Florida, Dianne Feinstein of California and John Edwards of North Carolina, joined by some Republicans, such as North Carolina's Sen. Elizabeth Dole, and others argued the inventory is a step toward drilling near their shores.

Critics say NOAA's proposed changes and the inventory would ease exploration in waters where drilling is banned.

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STAR-NEWS | SUNDAY, JUNE 22, 2003

Energy companies hope so, but they say the NOAA proposals are too weak. Ken Leonard, a senior manager for the American Petroleum Institute, said they still leave room for delays that could hamper drilling.

"In a time of tight energy, particularly tight natural gas supplies, this is just not helpful," he said of remaining loopholes.

Mr. Leonard said the companies would push for tighter rules

during a comment period that ends July 11. After the comment period, the Commerce Department could approve changes or drop the proposals at will.

"It's a start, but certain key aspects remain unresolved," said Thomas Michels, spokesman for the National Ocean Industries Association, which includes energy companies.

Barriers to offshore development still would exist. Each year since 1982, Congress has extended drilling bans covering the East and West coasts and the eastern third of the Gulf of Mexico and a presidential order also bans leasing in those waters until 2012.

Changing the Coastal Zone Management Act is groundwork for the day those restrictions are lifted. Energy companies have dozens of existing leases off Florida and California.

"Right now we're seeing things falling in place for opponents of the moratoria," said Ellen Athas, director of the clean

oceans program at the Ocean Conservancy.

Moreover, experts said the changes apply to other development. For example, they could ease construction of underwater pipelines or onshore and offshore liquefied natural gas depots that receive gas imported by ship.

The Coastal Zone Management Act allows states to review coastal and offshore projects that require federal permits and decide if they are consistent with state-administered coastal management plans. State objections touch off a lengthy appeal process and are grounds for lawsuits.

Pro-drilling members of Congress have made no secret of their support for reining in obstinate states to increase domestic energy supplies. Coastal lawmakers are evaluating the NOAA proposals, but one Democratic Senate aide said the changes appear to be part of a general trend toward letting the oil and gas industry do what it wants.

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6/22/03

Oil moratorium in jeopardy

Senators object to drilling off N.C. coastline

By Estes Thompson
Associated Press

RALEIGH | A 23-year-old moratorium on oil and gas exploration off North Carolina's coast is threatened by language in the energy bill before the U.S. Senate, lawmakers and environmentalists say.

Exploration for oil and natural gas was barred by the 1990 Outer Banks Protection Act. The ban came nearly a decade after two oil companies paid the federal government \$158 million for underwater exploration rights some 40 miles off the coast.

Oil companies were drawn to the area by the potential of 6 trillion cubic feet of natural gas.

A letter signed by both North Carolina senators to other members of the Senate asks for support of an amendment to remove language that threatens existing bans on exploration in sensitive areas.

The bill requires "the Energy Department to inventory all potential oil and natural gas resources in the entire outer continental shelf," said Mike Briggs, spokesman for Sen. John Edwards, D-N.C..

Sen. Edwards "believes that the coast of North Carolina ought to be preserved," Mr. Briggs said.

The letter signed by Sen. Ed-

wards and Sen. Elizabeth Dole, R-N.C., said technology used for exploration "would negatively impact coastal and marine areas."

Jan DeBlieu, the Cape Hatteras coastkeeper for the N.C. Coastal Federation, said the coast has been free of leases since the oil companies were forced out.

"What we have now is a clean place," Ms. DeBlieu said.

Ms. DeBlieu said exploring the huge suspected reserve of natural gas would involve sinking at least one well and that would open the door to pollution.

"There has never been a case where there has been a significant discovery of oil or gas that hasn't been put into production," she said. "If they find it, they're going to figure out a way to get it out of the ground."

"The process of bringing it out of the ground is filthy regardless of whether it is natural gas or oil. You're talking about taking an ocean wilderness and turning it into an industrial zone."

Dare County spokeswoman Dorothy Toolan said the county opposes any oil or gas drilling off its coast, which runs from the Virginia line to Hatteras Inlet. The opposition is part of the

county's land use plan.

County officials fear that a spill of any amount could have dire effects on the area's ecology and hurt tourism.

Ms. DeBlieu said the waters off the Outer Banks are deep and stormy and home to unique marine life. An undersea area off Hatteras Island known as "The Point" is considered a rich wildlife area.

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Senate bill may lead to offshore drilling

Energy proposal would require an inventory of coastal gas, oil

Associated Press

The U.S. Senate voted down an attempt to kill a measure that, critics say, could open the door to oil and gas drilling off the coast of North Carolina.

An energy bill now before the Senate requires the Interior Department to inventory potential deposits of oil and natural gas in the shallow coastal fringe called the Outer Continental Shelf.

Coastal states worry that could lead to drilling, despite a moratorium that is in effect until 2012 for coastal waters off the East Coast, Florida and the Pacific states.

The amendment that died in a 54-44 vote Thursday would have deleted the oil and gas inventory provision from the energy bill.

Sen. Elizabeth Dole, R-N.C., voted for the amendment. Sen. John Edwards, D-N.C., a candidate for his party's presidential nomination missed the vote because he was campaigning in Tennessee.

In a floor speech Wednesday night, Sen. Dole said the study "hints to a backsliding" of current protections against drilling,

which she argued would be devastating for North Carolina tourism.

"It is vital that this nation boost its domestic oil production, but we cannot do so by ignoring the wishes of coastal communities in North Carolina and other states that oppose drilling," Sen. Dole said. "Our local people, not the federal government, should decide what's best for their areas."

Last month, Sen. Edwards wrote a letter to colleagues objecting to the study of offshore gas and oil resources, which he said was being pushed by "big oil insiders in Washington."

Sen. Edwards' spokesman, Mike Briggs, said the senator considers the survey "a very important issue for the people of North Carolina. Unfortunately, at this juncture, not enough senators agreed with him."

Mr. Briggs said it was clear at the time that Sen. Edwards departed for Nashville that there were not enough votes to kill the study. Sen. Edwards' schedule Thursday included several political events in Tennessee, which holds an early presidential pri-

mary in 2004.

Gas companies probably would be interested in an area off North Carolina's Cape Hatteras, called The Point, that is renowned for its wealth of marine life and seabirds.

"We're pretty much not interested in anything that disturbs the sea floor, especially while the moratorium is in effect," said Donna Moffitt, director of the N.C. Division of Coastal Management.

"I am extremely disappointed with the result of today's vote," Sen. Dole said in a statement. "However, I will continue to fight to protect our environment and economy from offshore drilling."

The House version of the energy bill does not include a similar provision for oil and gas inventories. A conference committee would attempt to reconcile the two versions of the bill.

"I think it's a very serious threat," Jan DeBlieu, now Cape Hatteras Coastkeeper for the N.C. Coastal Federation, said of the Senate bill. "We're saying the time to back off is now."

THE ISSUE IN THE PAST

DRILLING FIGHT: North Carolina has fought offshore drilling since the late 1980s, when Mobil Oil held an offshore lease. Congress banned drilling off the Outer Banks in 1990, just before Mobil planned to sink its first exploratory well.

BAN PASSED: Congress later passed a ban covering the entire East Coast. President Clinton extended that moratorium to 2012.

DEAD ISSUE? Jan DeBlieu, a founder in the late 1980s of the anti-drilling group LegaSea, said the moratorium and the lack of active oil and gas leases had led N.C. coastal residents to believe the issue was dead.

NEW SOURCES: The Bush administration's emphasis on tapping new domestic energy sources undercuts that assumption.

6/14/03