

## Week in News: December 29, 2008 - January 4, 2009

### **Protect the coast**

San Francisco Chronicle, December 31, 2008; <http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2008/12/30/ED50150JCP.DTL>

### **Bad faith order on offshore drilling**

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### **Federal courts should not set energy policy**

Baltimore Examiner, December 30, 2008; <http://www.baltimoreexaminer.com/opinion/1231opednatledit.html>

### **Wind, wave power play**

Boston Globe, December 29, 2008;

[http://www.boston.com/lifestyle/green/articles/2008/12/29/wind\\_wave\\_power\\_play/](http://www.boston.com/lifestyle/green/articles/2008/12/29/wind_wave_power_play/)

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### **Salazar out to tame interior**

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### **Protect the coast**

San Francisco Chronicle, December 31, 2008; <http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2008/12/30/ED50150JCP.DTL>

One of the many headaches remaining from this summer's spike in gas prices was the nation's momentary embrace of the dangerous concept of offshore drilling. In his eagerness to expand the possibilities for oil exploration, President Bush rescinded longstanding presidential deferments on offshore drilling along most of the nation's coasts. And - under enormous political pressure - Congress allowed its own moratorium on offshore drilling to expire this year. The lapsed bans have left a loophole that allows California's much-beloved coastline to be at risk.

It's a loophole that Congress must work to close as soon as President-elect Barack Obama takes office in January. In September, the House passed a bill reversing 26 years worth of policy; a bill that allowed states to decide whether or not they'd permit energy exploration 50 miles off of their coastlines. Because the Senate didn't get a chance to vote on it - that body choose to let the moratorium lapse instead - the issue falls, effectively, to the next president.

Obama hasn't said whether or not he'd reinstate the federal ban, and he has spoken of his support for offshore drilling in the context of a "comprehensive" energy plan. (Whatever that means.) Recently, environmental groups sent him a letter urging him to allow the National Academy of Science to conduct a study on the effects of coastal energy development before making any decisions on oil drilling. This is the absolute least that he should do.

Actually, as far as California is concerned, Obama can skip the study and cut right to the chase: Reinstate the ban. Oil companies shouldn't even be allowed to think that they can drill here. And it's not because we think California is so special it shouldn't contribute to national energy production, either: It's because the economic benefits to California and the nation will be far greater in the long run if we keep our coastal environment undeveloped. Fishing, tourism - these kinds of things become elusive under the threat of an oil spill. It's time to set the ban back in place - permanently.

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### **Bad faith order on offshore drilling**

The Virginian-Pilot, December 31, 2008; <http://hamptonroads.com/2008/12/bad-faith-order-offshore-drilling>

Gov. Tim Kaine would have been within his rights to fire off a real nasty-gram to the Minerals Management Service agency. But he's not the type to send tirades, even when federal bureaucrats try to impose a hasty and irresponsible energy grab against the expressed will of the commonwealth.

Instead, Kaine politely penned a note asking for more time to collect environmental data and public comment on plans for leasing the rights to drill for oil and gas off Virginia's coast.

Bush administration officials have scheduled a comment period to end Jan. 13, shortly before they vacate their offices. In their final hours, they're trying to rush through a plan that cheats Virginia out of drilling royalties, shrinks the state's offshore territorial rights and gives state leaders and residents no say in the matter.

To cap off the insult, agency director Randall Luthi falsely declared that Kaine had invited the federal government to ride roughshod over Virginia's rights and its wishes. State leaders support offshore exploration for natural gas, but not oil, and they certainly expect some say in how that initiative is carried out.

Fortunately, Kaine has a friend in President-elect Barack Obama, who has said he is open to expanded drilling, but only as part of a comprehensive energy plan.

Drilling may be in Virginia's future, but state leaders need to be included in the planning, not left to file gently worded complaints to uncaring bureaucrats.

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### **Federal courts should not set energy policy**

Baltimore Examiner, December 30, 2008; <http://www.baltimoreexaminer.com/opinion/1231opednatledit.html>

A November decision by the federal judiciary's San Francisco-based Ninth Circuit Court of Appeals unfortunately received little attention in the national media despite the fact it could well prove to be among the most damaging ever to America's energy needs. Worse still is the fact this was only the latest in a long string of devastating Ninth Circuit decisions on energy issues. As the Institute for Energy Research's Thomas Pyle recently explained on SFGate.com, the Ninth Circuit "took the extraordinary step of stopping congressionally approved, federally leased energy exploration in Alaska's remote Beaufort Sea, citing the possibility that travel routes of bowhead whales may be diverted as a result of it. The upshot? The U.S. economy lost out on hundreds of thousands of new jobs and billions of barrels of new domestic energy supply. But at least we saved the whales from having to take a detour." Pyle further notes that the number of federal court suits filed by environmental and other liberal activist groups seeking to stop development of U.S. domestic energy resources has skyrocketed in recent years, zooming from 167 annually during the late 1990s to more than 1,100 every year since 2000. More than a few of these suits are financed in part by federal tax dollars, courtesy of the U.S. Environmental Protection Agency and other federal grant programs that help finance environmental activism. Meanwhile, U.S. energy dependence upon OPEC states in the Middle East and international energy thugs like Russia's Vladimir Putin and Venezuelan strongman Hugo Chavez grows.

It is not yet clear whether the incoming administration of Barack Obama will seek to reinstate the executive and legislative branch bans on energy exploration and production in the U.S. Outer Continental Shelf (OCS) and other areas that had been off-limits since 1982. Bush declined to renew the executive branch ban, while Congress succumbed to massive public pressure and allowed the congressional ban to expire in September.

As 2008 closes, two things are certain on the energy issue. First, if Obama and Democratic congressional leaders don't renew the OCS drilling ban, they will be condemned by environmental extremists. As unpleasant as that might be, though, it will be nothing compared to the political firestorm that reinstating the ban will incite among the millions of Americans who simply cannot afford a return of \$4-per-gallon gas. Second, Congress must take whatever measures are needed to prevent federal courts like the Ninth Circuit from stopping development of domestic energy resources. Anything less than these two measures will be an abdication of responsibility.

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### **Wind, wave power play**

Boston Globe, December 29, 2008;

[http://www.boston.com/lifestyle/green/articles/2008/12/29/wind\\_wave\\_power\\_play/](http://www.boston.com/lifestyle/green/articles/2008/12/29/wind_wave_power_play/)

Company seeks permits to build 100 platforms off Nantucket and R.I.

By Bina Venkataraman

A developer is proposing to build the first commercial-scale projects in New England waters to harness the power of the waves for electricity, but most of the energy they produce would actually come from attached wind turbines.

Grays Harbor Ocean Energy Company, based in Seattle, applied for preliminary permits from the Federal Energy Regulatory Commission in October to explore mounting 100 jack-up platforms - similar to those used in the offshore oil industry - in seven tracts of ocean around the country.

One site is 12 miles to 17 miles southeast of Nantucket and another is about the same distance south of Block Island, RI.

Scientists, however, believe there's little potential for large wave energy projects off the East Coast.

"When you look at an average over a typical year, from New York to Cape Cod, the wave energy potential is pretty low," said Stephen Grilli, a professor of ocean engineering at the University of Rhode Island.

The company's president, Burton Hamner, agrees. He says that 90 percent of the projected power capacity of each site would come from the wind turbines that would be erected on top of the platforms.

The platforms would have hollow, perforated columns; as waves pass by, they would push air up through the columns, spinning turbines at the top. The platforms would also serve as foundations for towering wind turbines, said Hamner. He predicts they would be visible from shore only on a few "exceptionally" clear days of the year. By comparison, Cape Wind, the controversial 130-turbine wind farm proposed for Nantucket Sound, lies about 5 miles from the nearest shore.

"South of Nantucket seems a much more appropriate place than Nantucket Sound," said Tracy Bakalar, executive director of the Nantucket Island Chamber of Commerce, although she had not heard of the Grays Harbor plans.

John Miller, director of the New England Marine Renewable Energy Center at UMass Dartmouth, said he does not rule out the potential for a wave energy project on the East Coast. "It's intriguing, but the proof is in making it work," he said.

Along the Pacific Coast, waves typically have greater force because prevailing winds follow them as they sweep toward the coastline. On the Atlantic Coast, prevailing winds counteract the waves coming toward shore, and the continental shelf is wider, slowing the waves' momentum when they are far from the coast.

The Grays Harbor proposal has spurred debate within the industry about whether the company, established in 2007, saw the federal permit process for a wave farm as easier than that for a wind farm. Hamner said that the projects would be "wind-wave hybrids," not just wind farms, but that he thought the energy commission's process was simpler than other avenues for "gaining access to a site to study it."

Grays Harbor Ocean Energy Company submitted the permit applications in the wake of a Federal Energy Regulatory Commission announcement in October that it had jurisdiction, based on a law that dates to the early 20th century, to license and give out preliminary permits for projects in federal waters that harness water's kinetic energy to turn it into electricity. The commission has already used this authority for tidal and other hydropower projects in "navigable" rivers and streams and in states' coastal waters, which extend to 3 miles from shore.

But another agency, the Minerals Management Service, gained authority to award leases for renewable energy projects in federal waters from a 2005 law, and has been overseeing the review process for offshore wind projects, including Cape Wind. It also plans to release regulations by the end of this year for offshore renewable energy development in federal waters.

Carolyn Elefant, a lawyer based in Washington, D.C. who has advised ocean renewable energy developers for 15 years, says that in order to construct a wave farm, Grays Harbor Ocean Energy Company would also need to secure a lease from the Minerals Management Service. Elefant said the regulatory process remains unclear in a way that gives companies the ability to "game" the system by potentially staking a claim to certain waters through one federal process that may be quicker and then selling those rights to another developer.

The permit applications, "should send a warning signal to the industry, to the agencies, to the Hill that this is an issue that needs to be addressed," she said.

Before Grays Harbor could build a wave-wind farm, it would need a federal environmental review and evaluation by state and local agencies. Hamner said the projects could not go on line until at least 2016, and he estimated each site would cost about \$4 billion. He said he does not expect to secure all seven preliminary permits, but added, "even one of them would be a big project."

No commercial-scale wave energy projects are in operation in the US, although one in the waters near Oregon could go online within the next two years.

If Grays Harbor secures the preliminary permit for the waters southeast of Nantucket, the company will have a three-year-period to study the site, said Celeste Miller of the Federal Energy Regulatory Commission. Then, the company would need a license to pursue construction.

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### **Drillers eye oil reserves off California coast**

San Francisco Chronicle, December 29, 2008; <http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2008/12/29/MN4G14QMVE.DTL>

Jane Kay, Chronicle Environment Writer

The federal government is taking steps that may open California's fabled coast to oil drilling in as few as three years, an action that could place dozens of platforms off the Sonoma, Mendocino and Humboldt coasts, and raises the specter of spills, air pollution and increased ship traffic into San Francisco Bay.

Millions of acres of oil deposits, mapped in the 1980s when then-Interior Secretary James Watt and Energy Secretary Donald Hodel pushed for California exploration, lie a few miles from the forested North Coast and near the mouth of the Russian River, as well as off Malibu, Santa Monica and La Jolla in Southern California.

"These are the targets," said Richard Charter, a lobbyist for the Defenders of Wildlife Action Fund who worked for three decades to win congressional bans on offshore drilling. "You couldn't design a better formula to create adverse impacts on California's coastal-dependent economy."

The bans that protected both of the nation's coasts beginning in 1981, from California to the Pacific Northwest to the Atlantic Coast and the Straits of Florida, ended this year when Congress let the moratorium lapse.

President-elect Barack Obama hasn't said whether he would overturn President Bush's lifting last summer of the ban on drilling, as gas prices reached a historic high. Sen. Ken Salazar, D-Col., Obama's pick as interior secretary and head of the nation's ocean-drilling agency, hasn't said what he would do in coastal waters.

The Interior Department has moved to open some or all federal waters, which begin 3 miles from shore and are outside state control, for exploration as early as 2010. Rigs could go up in 2012.

National marine sanctuaries off San Francisco and Monterey bays are off-limits in California. Areas open to drilling extend from Bodega Bay north to the Oregon border and from Morro Bay south to the U.S.-Mexico border.

Drilling foes say the impacts of explosive blasts from seismic air guns that map rock formations, increased vessel traffic and oil spills should be enough to persuade federal agencies to thwart petroleum exploration. California's treasured coast, with its migrating whales, millions of seabirds, sea otters, fish and crab feeding grounds, beaches and tidal waters, are at risk, Charter and other opponents say.

According to the Interior Department, coastal areas nationwide that were affected by the drilling ban contain 18 billion barrels of oil and 76 trillion cubic feet of natural gas in what the agency called yet-to-be-discovered fields. The estimates are conservative and are based on seismic surveys in the late 1970s and early 1980s, before the moratorium went into effect.

California's share

The agency's last estimate puts about 10 billion barrels in California, enough to supply the nation for 17 months. That breaks down to 2.1 billion barrels from Point Arena in Mendocino County to the Oregon border, 2.3 billion from Point Arena south to San Luis Obispo County and 5.6 billion between there and Mexico.

"If you were allowed to go out and do new exploration, those numbers could go up or down. In most cases, you would expect them to go up," said Dave Smith, deputy communications officer of the Interior Department's Minerals Management Service, which oversees energy development in federal waters.

In California, any exploration and drilling would be close to shore, experts say. In contrast to the Gulf of Mexico, where drilling could occur in waters 10,000 feet deep, California's holdings lie on its narrow, shallow continental shelf, the underwater edge of land where creatures died over the millennia to produce the oil.

If the Interior Department decides to explore off California's coast, it could probably do so, some attorneys say. If a state objects to a lease plan, the president has the final say.

Once an area has been leased, the California Coastal Commission may review an oil company's plan to explore or extract resources to assess if it is consistent with the state's coastal management program. Conflicts can end up in court, said Alison Dettmer, the commission's deputy director.

Californians have generally opposed drilling since a platform blowout in 1969 splashed 3 million gallons of black, gooey crude oil on 35 miles of beaches around Santa Barbara, killing otters and seabirds. The destruction of shoreline and wildlife sparked activism and led to the creation of the Coastal Commission.

But when gas prices peaked a few months ago amid cries of "drill, baby, drill" at rallies for GOP presidential candidate John McCain and running mate Sarah Palin, 51 percent of Californians said they favored more offshore drilling, according to a survey by the Public Policy Institute of California.

In July, Interior Secretary Dirk Kempthorne jump-started the development of a new oil and natural gas leasing program and pushed up possible new coastal activity by two years.

The Interior Department is reviewing comments about which coastal areas to include in the next five-year leasing plan. Oil companies want all of the nation's coastal areas open and say they can produce oil offshore in a way that protects the environment. Gov. Arnold Schwarzenegger, who opposes new offshore development, has offered comments, as have environmental groups.

#### Obama's energy plans

Obama's administration and Congress will have the final say over which regions, if any, would be put up for possible lease sales. In Congress earlier this year, Salazar, Obama's nominee for interior secretary, supported a bipartisan bill allowing exploration and production 50 miles out from the southern Atlantic coast with state approval. The bill died.

"We've been encouraged that the president-elect has chosen Sen. Salazar," said Dan Naatz, vice president for federal resources with the Independent Petroleum Association of America, a group with 5,000 members that drill 90 percent of the oil and natural gas wells in the United States. "He's from the West, and he understands federal land policy, which is really key."

During this year's presidential campaign, Obama was bombarded by questions about high gas prices and said new domestic drilling wouldn't do much to lower gasoline prices but could have a place in a comprehensive energy program.

After introducing his green team of environment and energy chiefs recently, Obama said the foundation of the nation's energy independence lies in the "power of wind and solar, in new crops and new technologies, in the innovation of our scientists and entrepreneurs and the dedication and skill of our workforce."

He spoke of moving "beyond our oil addiction," creating "a new, hybrid economy" and investing in "renewable energy that will give life to new businesses and industries."

Obama didn't mention oil drilling. When a reporter asked him if he would reinstate the moratorium, he said he wasn't happy that the moratorium was allowed to lapse in Congress without a broader thought to how the country was going to reduce dependence on fossil fuels.

He reiterated his campaign position that he was open to the idea of offshore drilling if it was part of a comprehensive package, adding that he would turn over the question to his team.

In the 1970s and 1980s, before the moratorium on offshore drilling fully took effect, the federal government produced a series of maps showing areas in California of prospective interest to the oil industry. Those maps offer clues to where oil companies would bid if they had the opportunity.

#### North Coast

The last proposed lease sale in 1987, thwarted by the moratorium, would have opened 6.5 million acres off the North Coast. Off Mendocino and Humboldt counties, the tracts for sale lay from 3 to 27 miles offshore, and some of the 24 planned platforms, some of them 300 feet tall and each with dozens of wells, would have been visible from land.

Tourism and commercial fisheries would have been affected, according to an environmental review then, while as many as 240 new oil tanker trips from Fort Bragg and Eureka to San Francisco Bay refineries were predicted under the full development scenario. The probability of one or more spills occurring would be 94 percent for accidents involving 1,000 barrels or more, according to documents.

Rep. Lois Capps, D-Santa Barbara, a member of the House Natural Resources Committee, recently said oil drilling will be part of a comprehensive energy policy focusing on renewable sources, but she would like to see drilling occur only on land and in the Gulf of Mexico where infrastructure is in place.

Capps well remembers the Santa Barbara spill almost 40 years ago.

"I was living in Goleta. I just had two children, and my husband was a young professor at UC Santa Barbara. It was a devastating experience," she said. "The birds and other animals got trapped in the oil. So many people waded out in boots just inch by inch trying to rescue our wildlife. It ruined our tourism for many years.

"I think about it all the time, especially last week when we had had a spill at the same platform. It was a small spill, 1,000 gallons, but it was a wake-up call."

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#### **Drill, baby?**

Tulsa World, December 29, 2008;

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By: World's Editorial Writers

OK, oil is cheap right now. It has dropped below \$42 a barrel. So, is now the time to abandon all attempts to make the United States somewhat self-sufficient in oil? No.

It's easy and popular to say that developing alternate fuels for our vehicles will end our dependence on imported oil. It would be a great help. But the fact remains that we will never, at least not in the foreseeable future, totally end our dependence on oil. It's needed for too many things other than fuel to drive our cars.

It is needed to make plastics, lip balm, cosmetics and so many other things we use every day. Until someone comes up with something to replace that, we will need oil.

That does not mean that we ought to abandon all environmental sense and simply start drilling holes everywhere. But it does mean that we ought to logically think through what can and must be done in the short term to get us through.

Offshore drilling is anathema to many environmentalists. Just mention it and they become enraged. But offshore drilling can be safe for the environment. And with directional drilling and other options, other areas can be explored without doing harm.

President-elect Barack Obama will face a decision when he takes office. The Bush administration has been pro-drilling and even Obama said during the campaign that he would consider more drilling options — that, of course, was when oil was going for about \$150 a barrel.

Now plans are being made to allow offshore drilling in, of all places, Virginia. A ban on drilling on the Outer Continental Shelf ended in the last two months. Now the U.S. Department of Interior has closed the public comment period to lease 2.9 million acres of ocean to oil companies. That completes the first step into opening the area to drilling.

Obama will be pressured to reverse course on the Virginia drilling and it needs to be closely studied. But he ought not make any hasty decisions.

The U.S. is going to need oil from somewhere for some time to come. Running our vehicles on electricity or hydrogen or natural gas (which would require more natural gas) will not solve our oil problem.

Gasoline is cheap now. It might not be at this time next year or the next. Obama must keep his and the country's options open and do what is best for both the short-term and long-term needs of the country.

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### **Salazar out to tame interior**

The Denver Post, December 29, 2008; [http://www.denverpost.com/politics/ci\\_11326088](http://www.denverpost.com/politics/ci_11326088)

The Colorado senator has a full plate given the department's recent scandals, budget shortfall and class-action lawsuit.

By Anne C. Mulkern

WASHINGTON, D.C. — One Interior Department scandal featured sex, drugs and influence peddling. Another involved politics trumping science in endangered-species rulings.

Then there are the agency's intractable problems, such as the \$8.7 billion maintenance backlog for national parks or a 12-year-old class-action lawsuit on behalf of Native Americans.

The Interior Department manages 507 million acres, equal to about one-fifth of the country. But in recent years, it has had difficulty managing itself.

When Democratic Sen. Ken Salazar of Colorado takes over as interior secretary next month, he'll assume responsibility for a department beset by turmoil. He'll oversee everything from oil- and gas-leasing decisions to relationships with American Indian tribes. And he'll face large expectations from a new president and myriad special-interest groups.

Changing the face and the politics of the department is not likely to happen easily or quickly.

"Turning around a boat 180 degrees is a very significant undertaking and a very difficult one," said Bob Holsworth, political-science professor at Virginia Commonwealth University. "You have to seek a few places where you can have significant early victories, then look at long-term retooling."

#### **New leadership**

Salazar, through his spokesman, declined to comment. His past statements offer a guide to how he might handle some decisions. As senator, he has often pushed for compromise. But as interior secretary, he will implement President-elect Barack Obama's agenda as well as his own.

"It's time for a new kind of leadership in Washington that's committed to using our lands in a responsible way to benefit all our families," Obama said Dec. 17 when he tapped Salazar. "That means ensuring that even as we are promoting development where it makes sense, we are also fulfilling our obligation to protect our national treasures."

Interior has faced repeated criticism in recent years from activist groups and its own watchdog.

Interior Inspector General Earl Devaney in September revealed a scandal involving federal workers in Lakewood who handle billions of dollars' worth of oil leases. Those workers had sex, smoked marijuana and used cocaine with energy-company employees, provided information to industry favorites and accepted thousands of dollars in banned gifts.

Violations at the Minerals Management Service and the Royalty in Kind office occurred between 2002 and 2006. Implicated employees were fired and otherwise disciplined.

But while ethical breaches might be on the mend, bookkeeping problems are far from fixed, according to an Interior Department source who asked not to be identified so as to speak more freely.

Records in the Royalty in Kind section were so poorly kept, "they don't know what they don't know," the Interior Department source said.

Devaney earlier this month issued a report with new details on another interior controversy.

Thirteen endangered-species- designation decisions made by the Fish and Wildlife Service between 2003 and 2007 were tainted, he said, because then-Deputy Assistant Secretary Julie MacDonald sought to influence the outcome for political reasons. She resigned in 2007 after an earlier report by Devaney.

"MacDonald's zeal to advance her agenda has caused considerable harm to the integrity of the (Endangered Species Act) program," Devaney wrote in a Dec. 15 letter to Interior Secretary Dirk Kempthorne. "Her heavy-handedness has cast doubt on nearly every ESA decision issued during her tenure."

After Devaney's 2007 report on MacDonald, Fish and Wildlife reopened endangered-species decisions made under her supervision and reversed seven rulings.

Devaney has credited Kempthorne with working to fix problems. Kempthorne became head of interior in May 2006 after previous Secretary Gale Norton of Colorado resigned.

Still, myriad activist groups and stakeholders hope Salazar represents a bolder change at interior.

"Sen. Salazar is going to be counted on to restore credibility, to restore sound science," said Elise Jones, executive director of the Colorado Environmental Coalition.

Environmental groups criticize what they see as the Bush administration's push to pass last-minute regulatory changes that help oil and gas companies. Trade groups for the energy industry and interior employees said recent rule changes had been planned or in the works for months or years. But it is likely to fall to Salazar to work to overturn new rules with which Obama disagrees.

#### Tackling oil-shale rules

One controversial move Salazar already weighed in on is interior's decision to issue regulations that set royalty rates for oil extracted from shale rock, found in Colorado, Wyoming and Utah.

Salazar as a senator called it a "giveaway of 3 million acres." At the time, he said he would work to set restrictions such as requiring companies to show how much water they would use and where they would get it.

Salazar will also have to deal with the largest class-action suit ever filed against the government. Filed by Native Americans who say the government mismanaged Indian trust assets, the case involves potentially 500,000 plaintiffs.

"We expect there will be some efforts to bring about a fair settlement," said Elliott Levitas, attorney in the Cobell vs. Kempthorne case, which will become Cobell vs. Salazar.

Salazar, who has offered bills on land conservation, likely will want to fix national-park-system problems. But where he'll get money to do so isn't clear.

"The parks face some tremendous challenges," said Craig Obey, senior vice president for government affairs with the National Parks Conservation Association, a nonpartisan watchdog group. "The funding issues are enormous."

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