

## Week in News: April 20-April 26, 2009

### **Drilling debate divides Florida**

Pensacola News Journal, April 26, 2009; <http://www.pnj.com/article/20090426/NEWS01/904260334/1006/NEWS01>

### **Alaska's drilling debate moves offshore**

LA Times, April 25, 2009; <http://www.latimes.com/news/nationworld/nation/la-na-arctic-drilling26-2009apr26.0.207040.story>

### **Drilling for war, offshore.**

Examiner, April 24, 2009; <http://www.examiner.com/x-8257-SF-Energy-Policy-Examiner~y2009m4d24-Can-we-drill-for-energy-independence-in-the-US-and-end-the-oil-wars>

### **Protect our coast from drilling**

Marin Independent Journal, April 24, 2009; [http://www.marinij.com/opinion/ci\\_12216750](http://www.marinij.com/opinion/ci_12216750)

### **Obama admin hands offshore aquaculture oversight to NOAA**

NYT, April 23, 2009; <http://www.nytimes.com/gwire/2009/04/23/23greenwire-obama-admin-hands-offshore-aquaculture-oversig-10648.html>

### **Mike Thomas: Drill, baby, drill!**

Orlando Sentinel, April 23, 2009; <http://www.orlandosentinel.com/news/local/orl-locmiket23042309apr23.0.4901420.column>

### **Offshore Wind Gets Major Boost**

NYT, April 22, 2009; <http://greeninc.blogs.nytimes.com/2009/04/22/offshore-wind-gets-major-boost/>

### **Kerry, Kennedy seek to ban offshore drilling**

Boston Globe, April 22, 2009; [http://www.boston.com/news/politics/politicalintelligence/2009/04/kerry\\_kennedy\\_s.html](http://www.boston.com/news/politics/politicalintelligence/2009/04/kerry_kennedy_s.html)

### **Fla. Gov. Crist "open minded" on expanded drilling'**

Florida AP, April 22, 2009; <http://www.miamiherald.com/news/florida/AP/story/1012240.html>

### **Interior finalizes rule for offshore projects**

Greenwire, April 22, 2009; <http://www.eenews.net/Greenwire/2009/04/22/5/>

### **Interior unsure of ruling's effects off Alaska**

Upstream Online, April 22, 2009; <http://www.upstreamonline.com/live/article176453.ece>

### **Don't drill here**

San Francisco Bay Guardian, April 22, 2009; [http://www.sfbg.com/entry.php?entry\\_id=8425&catid=4&volume\\_id=398&issue\\_id=428&volume\\_num=43&issue\\_num=30](http://www.sfbg.com/entry.php?entry_id=8425&catid=4&volume_id=398&issue_id=428&volume_num=43&issue_num=30)

### **Legislature might consider lifting offshore drilling ban**

Tampa Tribune, April 21, 2009; <http://www2.tbo.com/content/2009/apr/20/legislature-might-consider-lifting-offshore-drilli/news-breaking/>

### **Penguin Bank project called off**

Honolulu Advertiser, April 21, 2009; <http://www.honoluluadvertiser.com/article/20090421/NEWS01/904210353/1001>

### **Salazar announces OCS revenue shares under EPACT-authorized program**

Oil and Gas Journal, April 20, 2009; [http://www.ogj.com/display\\_article/359771/7/ONART/none/ExpID/1/Salazar-announces-OCS-revenue-shares-under-EPACT-authorized-program/](http://www.ogj.com/display_article/359771/7/ONART/none/ExpID/1/Salazar-announces-OCS-revenue-shares-under-EPACT-authorized-program/)

### **Shell still plans Chukchi drilling despite ruling**

Reuters, April 20, 2009; <http://uk.reuters.com/article/marketsNewsUS/idUKN2042838420090421>

## **Coastal states get share of offshore revenues**

Energy Current, April 20, 2009; <http://www.energycurrent.com/index.php?id=2&storyid=17527>

## **Appeals court nixes Interior's offshore leasing plan**

NYT, April 20, 2009; <http://www.nytimes.com/gwire/2009/04/17/17greenwire-appeals-court-nixes-interiors-leasing-plan-10584.html>

## **US Appeals court vacates OCS leasing**

Oil and Gas Journal, April 20, 2009; [http://www.ogj.com/display\\_article/359745/120/ARTCL/none/ExpID/1/US-Appeals-court-vacates-OCS-leasing/](http://www.ogj.com/display_article/359745/120/ARTCL/none/ExpID/1/US-Appeals-court-vacates-OCS-leasing/)

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## **Drilling debate divides Florida**

Pensacola News Journal, April 26, 2009; <http://www.pnj.com/article/20090426/NEWS01/904260334/1006/NEWS01>

Environmentalists painted into corner

Jim Ash

TALLAHASSEE — Capitalizing on a worldwide recession and fresh memories of \$4-a-gallon gas, conservative Republicans in the Florida House have outmaneuvered a formidable enemy in their quest for offshore drilling for oil and natural gas.

"The stars and the moon have lined up for us," said Keyna Cory, a lobbyist for Associated Industries of Florida. "Timing is everything."

Speaker-designate Rep. Dean Cannon, R-Winter Park, stunned environmentalists last week by ramming a bill through the House Policy Council that would give the governor and Cabinet the power to approve drilling as close as three miles from shore.

The 20-page amendment came out of nowhere in the final days of a chaotic session when all eyes were riveted on a standoff over fixing a \$6 billion budget shortfall.

Environmentalists were scrambling to save Florida Forever, the \$350 million a year environmental land buying program, that is being threatened by budget cuts.

With a little less than an hour's discussion, and a quick, mostly party-line vote, every conservationist's worst nightmare was headed for the House floor.

The House gave preliminary approval on Friday.

"This is like a Carl Hiaasen novel," laments Janet Bowman, a lobbyist for the Nature Conservancy.

'Pent-up energy'

But unlike the colorful characters who scheme to sell out Florida's natural wonders in Hiaasen's pulp fiction, the supporters are very real.

Their ranks also include some respected names, including Martha Barnett, a former president of the American Bar Association.

Former House Speaker John Thrasher, a lobbyist who is also pushing the measure, smiles broadly and praises Cannon's master stroke.

"He's a rising star," Thrasher said. "We needed to look at this, not just pull it out and have everyone just say no. It's been amazing to see the pent-up energy for this."

Supporters have been preparing for years.

AIF, the largest business lobby in Florida, has been demanding candidate's positions on offshore drilling before approving endorsements since Barney Bishop became its president in 2006.

Rep. Dave Murzin, R-Pensacola, voted for the measure in committee. He said he asked his constituents about oil drilling in February. Of the 1,965 who responded, 66 percent supported it, 34 percent didn't.

He surveyed about natural gas drilling in 2006, and it was favored 80 percent to 20 percent.

"Sure, I voted for it," Murzin said. "My constituents support it."

'Transcend politics'

In the only committee stop, sponsors lined up a respected Orlando economist who promised \$31 billion in state revenues over the next 20 years and 17,000 to 20,000 jobs.

They came armed with fresh Mason-Dixon numbers that showed broad support.

The icing on the cake was a provision that would divert more than \$350 million in state drilling royalties to Florida Forever and beach renourishment programs.

Later that same day at a reception for lawmakers, Gov. Charlie Crist called the idea "intriguing."

Environmentalists were livid, and painted into a political corner. Not only were they forced to oppose a potential new revenue stream for Florida Forever, but also they faced the prospect of going up against a governor they have praised lavishly in the past for his support of renewable energy and his high-profile fight against global warming.

The stakes are too big to worry about crossing an old ally, Bowman said.

"Some issues transcend politics," she said.

'Solve every issue'

The measure's chances in the Senate, where there is no sponsor, remained unclear.

Former Senate President Jim King, R-Jacksonville, is sponsoring the governor's renewable energy package and expressed an interest in adding the drilling measure.

Senate Democratic Leader Al Lawson of Tallahassee said that no matter how badly the state was hurt by the budget crisis, policy makers shouldn't take the bait.

"They're using us at a time when we are vulnerable," he said. "They're really trying to catch us when we're down."

But Senate Finance and Tax Chairman Thad Altman, R-Merritt Island, said he was intrigued by the potential for Florida Forever, and a revenue stream that could help local governments speed up water-treatment projects to protect local waterways.

Altman said he was still studying the proposal.

"The revenues could potentially solve every issue we're facing," he said.

Late last week, when budget negotiations with the House seemed hopelessly stalled, and lawmakers were resigned to blowing their May 1 deadline to adjourn, Senate budget chief J.D. Alexander said the drilling bill had seeped into closed-door budget negotiations.

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### **Alaska's drilling debate moves offshore**

LA Times, April 25, 2009; <http://www.latimes.com/news/nationworld/nation/la-na-arctic-drilling26-2009apr26,0,207040.story>

With the oil industry targeting Arctic waters, energy needs are weighed against a region's fragile life cycle.

By Kim Murphy

Reporting from Nuiqsut, Alaska — The year the oil companies seriously began exploring the icy waters off the Arctic National Wildlife Refuge -- where Nuiqsut whalers have hunted for as long as men have wandered on dark waters -- the villagers lost two bowhead.

The big whales had veered 30 miles from their usual migration path, and the men had no choice but to follow them through ice and mounting swells in their 20-foot boats. Hunters usually can kill the creatures with a fair amount of efficiency after they are harpooned. But this time was different.

The bowhead, longtime whaling captain Eli Nukapigak said, were "spooked."

One of the whales flipped and dove, with the harpoon line twisted around the propeller, dragging the boat toward the sea floor. The crew managed to leap to safety. Another boat had been towing the second whale back to camp when it was overcome in the fierce seas. The hunters had to cut the whale loose.

"That kind of disaster we don't want to see again," Nukapigak -- dressed in a parka on a recent 10-below-zero spring morning -- said of the 1985 hunt.

For the captain and others in this Inupiat Eskimo village on Alaska's North Slope, that may depend on whether the oil industry is allowed to open more of the iceberg-strewn Arctic waters to drilling.

A federal appeals court this month put the brakes on a plan to lease more than 78 million acres of the Beaufort, Chukchi and Bering seas to oil and gas developers, ordering a full environmental review before the program can proceed. But that could be little more than a speed bump in the rush to commercialize the Arctic, which global warming -- and the resulting shrinking sea ice -- has made accessible as never before.

Though the conservation community has fought successfully over the last decade to protect the Arctic National Wildlife Refuge, the remaining pristine areas of the North Slope have been going fast. In September, the Bureau of Land Management put 1.5 million acres of the National Petroleum Reserve-Alaska, with its shimmering lakes and verdant tundra, up for lease to developers.

Now the battle is moving offshore.

The coast around Prudhoe Bay is already dotted with drilling operations such as BP's Liberty project, which, when completed, will have the world's longest diagonal wells -- reaching eight miles out from facilities near shore. In contrast, the proposed Chukchi Sea leases would start 25 miles offshore and reach 200 miles out.

Obama administration officials have said they will weigh the nation's energy needs against the desire to protect crucial resources. But with active North Slope fields reaching the end of their production life, the allure of an estimated 27 billion barrels of oil and 132 trillion cubic feet of natural gas off Alaska's shores is strong.

Gov. Sarah Palin has warned that without new drilling, the 800-mile-long trans-Alaska oil pipeline could be forced to shut down in as little as 10 years, crippling America's hopes for energy independence, not to mention her state.

"The Alaska offshore is home to some of the most prolific, undeveloped hydrocarbon basins in the world -- reserves that would not only fuel Alaska's economy for decades to come, but oil and gas reserves that would also provide the nation with much-needed energy security," said Pete Slaiby, general manager of Shell Exploration and Production Co.'s Alaska operations.

The company, which had been planning the first major offshore lease development in the Beaufort Sea before it was blocked, argued its case to Interior Secretary Ken Salazar during a recent hearing in Anchorage.

The Interior Department is evaluating not only the 2007-12 offshore drilling plan struck down by the court, but also a more ambitious program rolled out in the waning hours of the Bush administration to expand leases in the Arctic Ocean, from the 74.5 million acres now being offered to 127.5 million by 2015.

Conservationists worry that a major oil spill could knock down the region's delicate house of cards: The ice pack in 2007 was at its lowest level since satellite monitoring began in 1979, putting tremendous stress on animals such as walrus, seals and polar bears that depend on the ice to hunt, rest and avoid the oil industrial zones onshore.

More than 500 spills of varying sizes occur on the North Slope each year, on average. The federal government recently estimated there was a 40% chance of a large crude spill from development in the Chukchi Sea. And though spills in open water are notoriously hard to clean up -- Prince William Sound still has oil on some of its beaches from the 1989 Exxon Valdez disaster -- one occurring amid tight chunks of broken ice would present even more problems.

"It is beyond the pale of stupidity that, in the face of everything that's happening in the Arctic, that we would launch a drilling program," said Jim Ayers, a vice president of the marine conservation group Oceana.

The Minerals Management Service, which oversees federal leases on the Outer Continental Shelf, has spent \$300 million on environmental studies in the Beaufort and Chukchi seas, officials said. And the chances of a serious spill are low, regional director John Goll said.

"We are absolutely not talking about an Exxon Valdez," he said. "For us, a major spill is 1,000 barrels or more. When folks talk about 50% of [drilling operations] are going to have a spill, remember that anything that puts a sheen in the water is considered a spill. I always say, look back at the record. And it's a pretty strong record right now."

Goll also said that the government had moved to lessen the effects of offshore drilling on the bowhead whale hunt by removing some areas from leasing and limiting oil operations during certain times of the year.

In its opinion, the Washington, D.C., appellate court found that the government had failed to thoroughly weigh the environmental impact of offshore Arctic leasing, and it sent the Minerals Management Service back to the drawing board. The panel also found merit in claims that native Eskimos have a right to seek protection of animals that have been an economic and cultural resource for a millennium.

Endangered bowhead whales -- of which Eskimos may kill a varying quota of usually up to 40 a year -- form one of the backbones of native culture and diet. The hunts, elders say, teach young people a skill that encourages respect and keeps them from fleeing the barren villages that dot the Arctic coast.

There are about 10,500 bowheads, which can grow up to 60 feet long, plying the waters off Alaska's coast. A 2007 survey found nearly half that population living inside the proposed drilling area.

"It would only be a matter of time before something like Exxon Valdez would occur in our subsistence area," said Thomas Napageak Jr., 25, a whaling captain and Nuiqsut's vice mayor.

Some here also worry that the caribou that once could be hunted just outside the village now most often stay miles away. And some of them seem sick.

"This past summer, I saw a caribou that had a tumor on its right hind quarter, and it was the size of a baseball," Napageak said. "A couple months ago, I got one that had green pus on its neck and shoulders."

Even so, Nuiqsut, like other villages across the North Slope, has been lured by oil's promise of jobs and stock dividends.

A ConocoPhillips development seven miles away, on the edge of the National Petroleum Reserve-Alaska, has been a godsend for this village of run-down prefab houses, roaring snowmobiles and old whaling boats near the Colville River Delta.

While other Alaska Natives were struggling last year with soaring fuel prices and had trouble affording food, about 170 Nuiqsut families collected dividends of nearly \$30,000 each from the native Kuukpik Corp., which owns land on which the project was built.

Nearly everyone in the village of 400 also collected \$1,523 last month from Arctic Slope Regional Corp., which represents Alaska Natives across the North Slope.

(That is on top of the \$2,069 Permanent Fund dividend check distributed to all Alaskans last year as their share of the state's invested oil wealth. The government also sweetened the deal with a \$1,200 bonus to help compensate for high fuel prices.)

In exchange for the village's blessing to expand its Alpine project, ConocoPhillips has promised to build a road connecting Nuiqsut to the oil site and nearby hunting grounds.

The company also is extending a natural gas pipeline to Nuiqsut, one of the few villages in Alaska that will have gas heat, and is paying \$250,000 in compensation for any impacts to hunting and fishing.

"We recognized that development is occurring and that there are benefits to be had," Kuukpik Chief Executive Lanston Chinn said.

"The reality was . . . if oil and gas development is going to proceed, what do we want out of it?"

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### **Drilling for war, offshore.**

Examiner, April 24, 2009; <http://www.examiner.com/x-8257-SF-Energy-Policy-Examiner~y2009m4d24-Can-we-drill-for-energy-independence-in-the-US-and-end-the-oil-wars>

by Ann Garrison

In "To drill or not to drill, for oil and gas, on the Outer Continental Shelf?", I reported on the last of four Interior Department hearings on the Bush plan to extend oil and gas drilling leases into all 1.7 billion ocean acres of the U.S. Outer Continental Shelf.

The oil and gas interests still lobbying for Bush's Draft Proposed Outer Continental Shelf (OCS) Oil and Gas Leasing Program, 2010-2015 argue that oil and gas corporations need to drill wherever there's domestic oil, to free us from dependence on foreign oil controlled by hostile foreign regimes.

I myself harbor absolutely no fear of dependence on foreign oil, or of hostile foreign regimes, and never even give a thought to either, except in response to the Warriors on Terror, or the oil and gas lobby, both of whom I do fear, almost as much as I fear financial terrorist Government Sachs.

Big oil has, quite recently, made it clear that they have no plans to curb oil exploration, drilling, and production, or, of increasing their barely perceptible investment in clean, renewable energy, despite the pleas of environmentalists, or endangered peoples.

Exxon-Mobil CEO Rex Tillerson said, in April 2009, that he expects global energy supply to remain 80% hydrocarbon based forty years from now, in 2050, as it is now.

More domestic drilling, whether in the Outer Continental Shelf, or the Interior, will only feed the dirty energy infrastructure sustained by perpetual war, in the Middle East and in Africa.

Americans pay the highest gas taxes in the world: federal taxes, more than half of which go to the largest and most lethal military in history, to fight the War on Terror.

Oil and gas interests now largely motivate U.S. escalation of covert wars and military operations in Africa, which, as of December 2007, surpassed the Middle East as a source of U.S. oil imports.

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### **Protect our coast from drilling**

Marin Independent Journal, April 24, 2009; [http://www.marinij.com/opinion/ci\\_12216750](http://www.marinij.com/opinion/ci_12216750)

By Lynn Woolsey

Over the past week, communities across the country have come together to promote environmental activism, with activities ranging from concerts and rallies to park cleanups. Everywhere, people and businesses are taking steps to 'go green.' Companies are introducing environmentally friendly products, and consumers are responding with their pocketbooks - purchasing high efficiency light bulbs, buying organic, and trading in their SUVs for hybrids. While these are important steps, they alone won't solve the growing environmental crisis we currently face. As more people are becoming aware of the threats posed to our environment, the national debate has begun about one of the biggest issues threatening our planet - our continued reliance on fossil fuels. In the Bay Area, this means,

among other challenges, confronting the continued possibility of oil drilling off our coast, a danger which remains as likely as ever.

Last Thursday, I had the opportunity to testify on this issue during a hearing in San Francisco chaired by Interior Secretary Ken Salazar. The event was one of four he has held across the country to seek public input on coastal drilling as the Obama Administration seeks to develop a new national energy strategy. Secretary Salazar heard strong opposition about any drilling, and he asked thoughtful questions regarding alternatives solutions, such as wave energy.

Despite the tens of millions of dollars spent by oil companies to convince the public that coastal drilling can end our dependence on foreign oil, the reality is that we can't drill our way toward energy independence. That's because while our nation uses over 20 percent of the world's oil, we only have 3 percent of global reserves. Opening up our entire Outer Continental Shelf, including the waters here in the North Coast, wouldn't change the fact that going forward, oil cannot play a central role in any responsible energy strategy. There's just not enough of it, and the consequences and risks of continuing our addiction to oil are simply too high.

Giving in to the oil companies and allowing them to drill off our coast would threaten some of the most ecologically sensitive waterways in the world.

These waters are a biological marvel, sustaining thousands of species, including orcas and great white sharks.

In addition, they support thousands of local jobs in the fishing and tourism industries, and provide recreational enjoyment for visitors from around the world.

Here in Marin the coastline is protected by the Gulf of Farallones Marine Sanctuary, a designation that, among other things, prevents any exploration and drilling efforts.

Unfortunately, the sanctuary only extends to Bodega Headlands in Sonoma County, leaving the waters to the north of the sanctuary vulnerable to efforts by the oil industry to begin drilling. Were exploration to occur, no designation will protect our marine sanctuaries, or our local communities, from the catastrophic consequences of a spill, or from the inevitable pollution that accompanies exploration as currents move southward.

I want to change that.

Last Congress, the House of Representatives unanimously passed the Gulf of the Farallones and Cordell Bank National Marine Sanctuaries Boundary Modification and Prevention Act, my legislation to expand the marine sanctuary that protects the Marin coastline up to the southern part of Mendocino.

Despite the efforts of my colleague Sen. Barbara Boxer, the bill stalled in the Senate. I have already reintroduced it earlier this year, and Sen. Boxer has again introduced companion legislation in the Senate.

This legislation isn't just about protecting the coasts off Sonoma County. It's about sending a message that those of us in the Bay Area recognize the role that a healthy environment plays in our daily life and economic wellbeing, and that we will fight any effort by oil companies that threatens it.

Hopefully, as my legislation continues to advance, we'll have even more to celebrate a year from now.

Rep. Lynn Woolsey, D-Petaluma, has represented Marin in the U.S. House of Representatives since 1993.

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### **Obama admin hands offshore aquaculture oversight to NOAA**

NYT, April 23, 2009; <http://www.nytimes.com/gwire/2009/04/23/23greenwire-obama-admin-hands-offshore-aquaculture-oversig-10648.html>

By ALLISON WINTER, Greenwire

The Obama administration will develop federal aquaculture regulations, including a system that could permit offshore fish farming in the ocean waters for the first time, Commerce Secretary Gary Locke said today.

Locke addressed a Senate hearing as another Cabinet agency, the Interior Department, turned away from a controversial Bush administration proposal that would have expedited a permitting system for offshore aquaculture under the Minerals Management Service. He said the National Oceanic and Atmospheric Administration will oversee the preparation of the Obama administration's fish-farming guidelines.

In its final rule (pdf) for offshore renewable energy projects, released yesterday, Interior said it would not authorize aquaculture projects. The move is a reversal from the Bush administration's proposal, which would have opened the door for the government to fast-track offshore fish farms.

The new rule passes oversight of any deepwater fish farms to Commerce's NOAA and the National Marine Fisheries Service. But Locke made it clear today that the administration is not giving up on efforts to advance aquaculture that started under the Bush administration, although his department may take a different course.

"As wild fish stocks decline, it is important to be able to have more aquaculture," Locke told the Senate Appropriations panel overseeing funding for his department. "NOAA needs to engage in a program to set up criteria and rules in which safe aquaculture can be provided. We intend to pursue this and help provide those guidelines."

In remarks to reporters after the hearing, Locke said the government must develop guidelines and policies for all aquaculture, including offshore fish farms. "It has to be done carefully, especially given the concerns of consumers for safe seafood," Locke said.

The Bush administration made several attempts, starting in 2005, to create a permitting system to expand U.S. aquaculture to as far as 200 miles offshore. The proposals did not gain traction on Capitol Hill, because lawmakers said they feared there were not enough safeguards to protect wild fish.

The issue surfaced again earlier this year when a federal fisheries council in the Gulf of Mexico voted to open its waters to offshore fish farms -- a proposal that must go through NOAA for final approval.

Locke and NOAA Administrator Jane Lubchenco have indicated that if they move forward with new regulations, they intend to have more safeguards. Lubchenco said at her confirmation hearing that scientists and policymakers have not yet identified the "right conditions under which aquaculture is sustainable."

#### Bush's failed bid for offshore permits

The Bush administration's last attempt to advance offshore fish farms came in a 405-page proposal for renewable energy that the administration put forward last July. The rules govern the leasing of ocean tracts in federal waters for wind projects and hydropower projects that would harness waves and currents.

Bush's MMS tucked in a provision that would have also allowed "alternate" uses of offshore facilities -- including deep ocean ports or aquaculture.

House Democrats and environmental groups maligned Bush's proposal, saying MMS lacks authority and expertise for such permitting. They blasted the provision as an indirect way for the Bush administration to advance an agenda for offshore aquaculture that it had failed to move through Congress.

The Obama administration's final rule, slated for publication in the Federal Register on April 29, clearly states that any efforts to develop offshore fish farms should come in their own regulations.

"We wish to clarify that this rule does not authorize aquaculture operations," the rule states. "A different agency would be responsible for permitting and managing actual aquaculture activity ... in the event that legislation is enacted that regulates OCS aquaculture, we will reassess this issue and ensure coordination will be accomplished with all relevant agencies."

Environmental groups applauded the change. Food and Water Watch attorney Zach Corrigan said the rules -- the first time Obama's Interior said "clearly and definitely" that offshore fish farms were not a part of the plan -- were a major improvement.

National Marine Fisheries Service spokeswoman Monica Allen said the agency is just beginning to analyze the new Interior rule but plans to move forward with its own offshore fish farm proposal.



"Concerning offshore aquaculture, it is one of a number of important issues that the new administration is reviewing," Allen said.

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**Mike Thomas: Drill, baby, drill!**

Orlando Sentinel, April 23, 2009; <http://www.orlandosentinel.com/news/local/orl-locmiket23042309apr23.0.4901420.column>

Mike Thomas

The American oil cartel is using the state's budget crisis to slip through a last-minute law opening up Florida's coast to drilling.

For every steel proboscis the kings of crude poke into a fossil-fuel depository, we would get millions of dollars in royalties, which then would be used to buy and preserve land under Forever Florida.

It's a clever ploy by future House Speaker Dean Cannon to link our most cherished environmental program with our biggest environmental boogeyman.

The St. Petersburg Times calls it a "shameful ploy."

I call it a golden opportunity to pursue good public policy.

The only shameful ploy I see in this drilling debate is opponents using outdated scare stories about oil-coated shorelines destroying our "pristine" beaches.

The last offshore blowout of an American well happened 40 years ago off the Santa Barbara coast in California.

Ever since, the industry has vastly improved its technology and safety record. Last year, the Santa Barbara Board of Supervisors actually voted in support of oil drilling.

Some people move on.

The reason is simple. Another accident would devastate the oil companies. There would be the immediate costs of cleanup, economic damages, lawsuits and fines. Then there would be the long-term political consequences of being blocked from future drilling.

The image of oil villains despoiling our beaches is simplistic rhetoric aimed at simple minds. It is fodder for political grandstanding and greenie fundraising.

Drilling foes don't have any recent pictures of oily birds to make their case, so they throw out worst-case scenarios that are about as likely as an oil bit goosing Godzilla out of the depths.

Not that Miami couldn't use a good stomping.

The drilling ban always has been a political luxury. We could afford it when gasoline and natural gas were relatively plentiful and cheap. The only reason to drill here, foes argued, was to increase oil-company profits.

Then came the summer of 2008, when gas hit \$4 a gallon and there was talk of worsening worldwide shortages caused by demand from China and developing countries.

Florida's protected status came under the gun. Even Gov. Charlie Crist backed off his longtime opposition to drilling.

Then prices collapsed, as did the motivation for seeking out new supplies.

This would be a wonderful thing if the respite came from vast new discoveries or some breakthrough in hydrogen power. But it came from collapsing demand caused by a global recession.

When economies pick up, so will energy use. Demand will rise, and prices will skyrocket once again.

And we will be back right where we started.

We lurch from energy crisis to energy crisis because decisions are made based on the here-and-now instead of the future.

Critics say this law won't provide any immediate salve for the Florida budget.

This is true. We probably wouldn't see any oil or gas or royalties until well into the next decade.

By then, gas could well be rationed at \$20 a gallon.

We could slough off such scenarios if we weren't mopping up after our second oil war, confronting a nuclear-armed Iran, drone-bombing al-Qaeda in Pakistan, facing 200 million SUVs in China and kowtowing to a Saudi royal family that makes Castro look like a Cub Scout.

The oil off our shores won't by itself solve the above, and it won't bring down prices. It simply will be one of many small steps we must make on the journey to a future free from burning dead dinosaurs.

The environmental agenda is to eliminate access to oil in hopes we can pull off some technological Hail Mary pass to eliminate the need for it. That day remains decades away. So all they are doing is laying the groundwork for the next energy crisis.

Hybrids are nice. But they still burn gas.

Perhaps even more important than the oil off Florida's shore are massive reserves of natural gas. The nation, particularly Florida, has grown increasingly addicted to this energy source to fuel power plants. And like oil, most of the world's reserves are found in countries such as Saudi Arabia, Iran and Russia.

A rational energy policy would direct us toward conservation, insulation, renewable energy, smaller cars and more mass transit.

It also would recognize the continuing need for fossil fuels during the transition away from it.

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### **Offshore Wind Gets Major Boost**

NYT, April 22, 2009; <http://greeninc.blogs.nytimes.com/2009/04/22/offshore-wind-gets-major-boost/>

By Jad Mouawad

Just in time for Earth Day, the administration has issued a long-awaited set of rules that will significantly boost the development of offshore wind farms along the nation's coastlines.

The regulations for the government to lease offshore acreage for wind and wave power (PDF) had been highly anticipated since Congress passed the 2005 energy bill. They will provide the main framework to develop offshore wind by giving the lead authority to the Minerals Management Service, the federal agency also in charge of offshore oil and gas development.

The announcement was made by President Obama during a visit to a wind turbine tower manufacturing plant in Ohio Iowa, underscoring the administration's commitment to developing clean energy sources. The visit also allowed the president to deliver a wide-ranging speech on energy and stump up support for a clean-energy and climate bill.

"It's a win-win," the president said. "It's good for the environment, it's great for the economy."

Jim Gordon, the president of Cape Wind, a company that has struggled for nearly a decade to build the nation's first offshore wind farm in Nantucket Sound, said, "This is going to open up the whole industry."

Offshore wind has yet to take off in the United States — in part because it is more expensive than traditional wind power on land. Offshore wind power is more widely developed in Europe, including in places like Denmark, Holland and Britain.

Taken together, wind and solar currently only account for 3 percent of power generation in the United States, but industry advocates point out that American offshore potential could be significant.

The National Renewable Energy Laboratory, for example, has estimated that offshore resources located between 5 and 50 nautical miles off the nation's coasts could provide 900 gigawatts of generation capacity, which is roughly equal to the United States' total current electrical capacity (PDF).

The Department of Energy has laid out a more realistic scenario, in which wind power could account for 20 percent of the nation's power generation by 2030. Offshore wind could reach 54 gigawatts of power, the energy department suggests, out of 300 gigawatts of total wind power expected in the United States by then.

Several states, including New Jersey and Rhode Island, have already begun competitive bidding processes to develop wind power off their coasts.

"I think it is a Herculean step forward," said Ken Salazar, the secretary of the Interior. "What will happen now is that all the projects in design right now, off the shores of Delaware, of New Jersey, Rhode Island, New York — will move forward because they will know the rules of the game."

Laurie Jodziewicz, who manages siting policy at the American Wind Energy Association, said that the new rules were necessary. But she also highlighted the need for a stable and consistent policy for wind, including the renewable energy production tax credit, and the adoption of a renewable energy standard which would mandate a share of alternative power for the nation's grid.

"We're quite excited to see this hurdle cleared," said Ms. Jodziewicz. "It's been something we've been awaiting for quite some time now."

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### **Kerry, Kennedy seek to ban offshore drilling**

Boston Globe, April 22, 2009;

[http://www.boston.com/news/politics/politicalintelligence/2009/04/kerry\\_kennedy\\_s.html](http://www.boston.com/news/politics/politicalintelligence/2009/04/kerry_kennedy_s.html)

Marking Earth Day, Senators John F. Kerry and Edward M. Kennedy of Massachusetts re-introduced a bill today to permanently ban oil drilling in Georges Bank.

The legislation would put off limits to oil exploration all coastal waters three miles off the Massachusetts coastline, including Georges Bank.

Offshore oil drilling emerged as a major issue during last year's presidential campaign as gasoline prices spiked at the pump. The House last September passed a bill allowing drilling as close as 50 miles to the Atlantic and Pacific coasts, but Massachusetts representative included a provision sparing Georges Bank.

"Massachusetts families have depended on fishing as a way of life for hundreds of years and we're not about to let anything change that," Kerry said in a statement. "Georges Bank is one of the most prolific fishing grounds in the world and it would be a sin to risk it all for the slight possibility of extracting a minuscule amount of oil. Senator Kennedy and I, along with our colleagues in the House, will continue to do everything we can to ensure no drilling occurs in Georges Bank now or ever."

Kennedy added in a statement, "Georges Bank is one of the most important fishing resources in the world, and we must permanently protect it to benefit our environment, our economy and the 300-year heritage of our fishing families in the Commonwealth. I'm proud to introduce this vital legislation with Senator Kerry and our Congressional Delegation and look forward to its enactment so that our coastal resources can be preserved for generations to come."

In announcing the bill, Kerry and Kennedy's offices said that the collective catch of New Bedford, Gloucester, and Provincetown-Chatham, all of which fish Georges Bank, is worth nearly \$350 million a year.

Representative Edward Markey of Massachusetts has introduced a similar bill in the House, co-sponsored by other Bay State House members.

Markey, meanwhile, today re-introduced a bill designed to decrease global warming pollution and energy use by encouraging large-scale recycling of cans, metal, plastic water bottles, and other beverage containers.

The bill would establish a national 5 cent deposit on beverage containers, but would exempt the 11 states, including Massachusetts, that have deposit programs already from the national standard for three years, or as long as they maintain high recycling rates. In 2006, more than half of the 200 billion beverage containers that could have been recycled in the United States were incinerated or littered, Markey's office said.

"Earth Day is an important reminder that it is time for America to take action to reduce its global warming pollution and dependence on foreign energy. A national bottle bill can help America quench its thirst for imported oil. We can still have carbon dioxide in our fizzy drinks, while cutting down on heat-trapping carbon dioxide in the atmosphere," Markey said in a statement.

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### **Fla. Gov. Crist "open minded" on expanded drilling'**

Florida AP, April 22, 2009; <http://www.miamiherald.com/news/florida/AP/story/1012240.html>

By BRENDAN FARRINGTON

TALLAHASSEE, Fla. -- Gov. Charlie Crist's opposition to offshore oil drilling is getting weaker and weaker.

When Crist ran for governor in 2006, he opposed any drilling off Florida's coast. When he was campaigning with Republican presidential nominee John McCain last year, Crist became more open to the idea, but still didn't want oil rigs near the state's shoreline.

Now on Wednesday, the Republican governor said after an Earth Day celebration that he is "open minded" about a bill that could put oil rigs within a few miles of the beaches that are crucial to Florida's tourism industry.

Asked whether he would sign a House bill that would allow the governor and Cabinet to OK drilling leases in state-controlled waters within 10 miles of the coast, Crist said, "I don't know. I think we need to study it more. I think we need to learn more about it and I'm open minded to reviewing it."

And he's not alone. Two of the three Cabinet members - Attorney General Bill McCollum and Agriculture Commissioner Charles Bronson, both Republicans - also said they'll remain open minded to the idea.

Crist has built a reputation for being environmentally friendly by holding climate change summits, seeking a deal to buy U.S. Sugar property to help restore the Everglades and pushing for a law that would require electric companies to increase their use of renewable energy.

"The more diversified we can be in terms of the energy resources that we have, the stronger it makes Florida and America. And I think the experience of last summer tells you that when gas goes above \$4 a barrel that people want options. And they want solar, wind, nuclear and any option that we can exercise responsibly and safely," Crist said.

The House Policy Council approved a bill (HB 1219) Tuesday that would allow the governor and Cabinet to approve drilling off the coast. Environmentalists were caught off guard because the language to change the bill wasn't filed until the night before, though it clearly had been in the works for some time. The Associated Industries of Florida presented a slide show and glossy handouts to lawmakers. The group's president, Barney Bishop, was accompanied at Tuesday's meeting by a pollster, an economist and two powerful lawyers, including an oil industry attorney.

The fact that the issue came up so suddenly and so late in the session upset Chief Financial Officer Alex Sink, a Democrat and the third Cabinet member.

"I thought we were supposed to have government in the sunshine - this is government in the middle of the night," Sink said. "We have to have open, rigorous debate, and real time to hear from Florida's citizens about this 11th hour change that could bring drilling rigs just 3 miles off Florida's coastline in the shallow waters of the Gulf."

Bronson said he wants to see more details about the bill, but said he is open to the idea. He said technology has advanced to make drilling safer and the country needs to use a combination of sources, including fuel from agriculture sources, to become 100 percent independent of foreign oil.

"If we can gain what we get out of the Gulf plus 30 percent of our fuel supply from renewable sources, that's going to go a long way to help us maintain an independent fuel operation here in this country," Bronson said. "Another factor I'd want to see out of this proposal is how much would Florida gain from this."

McCollum is also willing to consider the idea.

"He'll remain open-minded and would be happy to review proposals should they be brought before the Cabinet," said McCollum's spokeswoman, Sandi Copes. Hours later, she added of McCollum: "While he's open minded, he's highly skeptical of the proposed plan."

Clean energy advocates are upset by the idea.

"The number one industry in Florida is tourism and we would be likely be trading one industry for another," said Susan Glickman, a lobbyist for the Southern Alliance for Clean Energy. "I agree with the governor that we need more diversity, but the diversity we need is fuel efficiency, mass transit and renewable fuels."

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### **Interior finalizes rule for offshore projects**

Greenwire, April 22, 2009; <http://www.eenews.net/Greenwire/2009/04/22/5/>

Ben Geman

The Interior Department has finalized a rule governing offshore renewable-energy projects -- a vital step for the development of wind farms in federal coastal waters, several sources said today.

President Obama is expected to mention the rule in an Earth Day appearance this afternoon at a wind-turbine manufacturer in Iowa.

"The offshore projects planned in the U.S. can't go forward, really, without these rules, and there has been a lot of waiting and uncertainty in the market," said Laurie Jodziewicz, the offshore policy specialist for the American Wind Energy Association. "We are very pleased to see it coming out so quickly in the new administration."

Interior also will handle leasing for hydrokinetic projects aimed at harnessing waves and currents for generating electricity.

A memorandum signed this month by the Federal Energy Regulatory Commission and Interior splits oversight of offshore renewable projects between the two entities. Interior will handle leasing and FERC licensing (E&ENews PM, April 9).

A major 2005 energy bill handed oversight of renewable energy projects in federal marine waters to Interior, which already regulates offshore oil and gas projects. But the rule had been hung up as Interior and FERC struggled to draw jurisdictional lines. Meanwhile, wind-power developers proposed turbine farms in federal waters off Rhode Island, Delaware and New Jersey.

Interior Secretary Ken Salazar has cited the prospect of wind projects on the federal outer continental shelf eventually supplying significant amounts of power.

An Interior report this month cited data showing that most promising offshore wind resources could meet at least 20 percent of U.S. coastal states' power needs, and the total amount of offshore wind potential is far greater still.

The best-known planned offshore wind farm -- the Cape Wind project along the Massachusetts coast -- began navigating the federal regulatory process long ago, and its final approvals are not dependent on the new rule.

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### **Interior unsure of ruling's effects off Alaska**

Upstream Online, April 22, 2009; <http://www.upstreamonline.com/live/article176453.ece>

By Noah Brenner

Days after a Washington DC appellate court handed down a ruling vacating the current five-year plan for offshore leasing, a Department of Interior official charged with overseeing development in Alaska said he is not entirely sure what the ramifications will be for oil and gas development.

Kim Elton, director of Alaska Affairs for the Department of the Interior, said his office is still studying the ruling and could not say how it affected past and future leasing off Alaska.

In an interview with UpstreamOnline, Elton said the ruling seems to support “several different conclusions” with respect to how it affects leasing.

“We are still trying to suss out what the impact of the three-judge ruling was,” he said.

The judgement, handed down Friday, vacated the current five-year leasing plan and remanded it to Interior on the grounds that the department did not adequately prove the plan would not harm the environment.

The plan governs not just Alaska properties, but also those that have been leased in the US Gulf and those planned for leasing in the Gulf and off Virginia.

In Alaska, the decision further clouds plans by Anglo-Dutch supermajor Shell to begin exploratory drilling off the northern coast.

In 2005, Shell spent more than \$44 million for 84 offshore leases in the Beaufort Sea.

The US Minerals Management Service in February 2007 approved an outer continental shelf exploration plan submitted by Shell. In it, Shell proposed drilling up to 12 exploration wells on 12 tracts over three years.

Regardless of how lawyers and judges ultimately define the scope of the ruling, Elton said it holds lessons for Interior as the agency moves forward with amendments to the current plan, as required, and a proposed new five-year plan that could open more offshore acreage to development.

Elton said it shows that the department needs to thoroughly investigate all development scenarios and not make hurried assumptions based on the work of the previous administration.

“We too often end up doing things in a rushed way without recognising the fact that the paradigm is likely to be challenged,” he said.

“And if we don’t do our upfront work we allow a group of people wearing black robes or a person wearing a black robe to set policy.”

Though industry officials and some Republicans in the US Congress have called for a quick approval of further offshore development, Elton said the latest ruling should convince people that rushing to formulate land-use policies leave them open to challenge in court.

“The lesson is clear that if you don’t inject a certain amount of pragmatism, if you don’t have a deliberate approach you open the door for somebody else,” he said. “If you work carefully beforehand you can get to a policy position that might be sustained.”

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### **Don't drill here**

San Francisco Bay Guardian, April 22, 2009;

[http://www.sfbg.com/entry.php?entry\\_id=8425&catid=4&volume\\_id=398&issue\\_id=428&volume\\_num=43&issue\\_num=30](http://www.sfbg.com/entry.php?entry_id=8425&catid=4&volume_id=398&issue_id=428&volume_num=43&issue_num=30)

Green City: Polar bears, sea turtles, other marine mammals -- and those were just the protesters

By Rebecca Bowe

**GREEN CITY** When U.S. Secretary of the Interior Ken Salazar looked out at a sea of faces during a San Francisco public hearing April 16, a band of activists dressed as polar bears, sea turtles, and other marine creatures stood out from the rest. Their message, also articulated by a host of federal and state-elected officials, was unequivocally clear: no new oil and gas drilling off the California coast.

Waving a thick document in the air, Salazar explained that he'd inherited a five-year plan from the Bush administration to award new leases for oil and gas drilling in the federally controlled outer continental shelf, which comprises some 1.7 billion underwater acres off the Atlantic and Pacific coasts, the Gulf of Mexico, and Alaska.

Rather than move the policy as planned, Salazar extended public comment for six months, met with stakeholders in each region, and placed greater emphasis on developing offshore renewable energy. The San Francisco public hearing was the last in a series of four that Salazar attended.

"One of the significant issues that is so important to President Obama is that we move forward with a new energy frontier," Salazar said. He advocated embracing offshore wind and other renewable alternatives as part of a "comprehensive energy plan going forward." Yet Salazar also indicated that future plans for the nation's energy mix were "not to the exclusion of oil and gas," and mentioned that opportunities for "clean coal" technology should also be considered.

Under the five-year plan, three new leases are proposed off California's coast — two in the south, and one in the Point Arena Basin, an underwater swath near Fort Bragg. Elected officials unanimously opposed any new offshore petroleum development. "Our state clearly is saying to you today, no," declared Sen. Barbara Boxer, chair of the Senate Environment and Public Works Committee. "Instead of putting our California coast and economy in jeopardy, we need to look at ... green technology which will bring us new jobs."

Lt. Gov. John Garamendi sounded a similar note, saying the billions that would be invested in offshore oil could be put toward advancing clean energy. Rep. Lynn Woolsey (D-Petaluma) highlighted the risk of oil spills around the Point Arena Basin. "It could be turned from a wellspring of life into a death plume," she said. "This shimmering band of coast must be protected."

While nearly every testimony blasted new offshore oil development, the conversation brightened when Salazar asked for comments on renewable energy. According to estimates by the National Renewable Energy Laboratory, offshore wind in shallow areas could provide some 20 percent of the electricity needs of coastal states nationwide. Wave energy, while still under study, might one day generate enough electricity to power some 197 million homes per year, according to Department of the Interior estimates.

Most of the oil that could be extracted from the outer continental shelf would come from the Gulf of Mexico and Alaska, with some 10 billion barrels potentially available off the Pacific coast. Joe Sporano of the Western States Petroleum Association said offshore drilling could create jobs and limit dependence on foreign oil. Yet Boxer pointed out that, based on Energy Information Administration figures, drilling for oil across all areas would yield just 1 percent of the nation's total oil consumption by 2030 — and it's not believed to make a real difference in gas prices.

Richard Charter, government relations consultant with Defenders of Wildlife, seemed confident that California's coast would be protected. "You have a new interior secretary for an administration that received California electoral votes ... in a state that is pretty much single-minded in its position in terms of saving the coast," he said.

Charter's optimism was helped by a recent federal appeals court ruling against the previous administration's plan to award new offshore-drilling leases in the Arctic.

So now, "whatever Secretary Salazar does will have his own stamp on it," Charter said. "In each of these hearings, it's become apparent that the Obama administration may be coming around to a new approach."

Public comment for the offshore leasing plan ends in late September. Salazar told reporters that he expects a decision by the end of the year.

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**Legislature might consider lifting offshore drilling ban**

Tampa Tribune, April 21, 2009; <http://www2.tbo.com/content/2009/apr/20/legislature-might-consider-lifting-offshore-drilli/news-breaking/>

By CATHERINE DOLINSKI

With 11 days left in the legislative session, a House council might consider a plan today to lift the ban on offshore oil drilling in Florida waters.

Florida currently bans oil drilling from shore up to 10 miles out. Monday afternoon, environmentalists and lawmakers were buzzing about the House Policy Council considering a bill amendment this morning that could lift the state's off-shore oil drilling ban.

Under the plan, companies would be able to apply for leases to drill off Florida coastlines -- if they paid a non-refundable, \$1-million application fee. If a lease is issued, the leaseholder would have to submit a \$500-million bond to get the permit.

"With less than two weeks to go, people are talking about allowing oil drilling within 10 miles from the shore," Rep. Keith Fitzgerald of Sarasota, ranking minority member of the House Policy Council, said after learning of the proposal from a lobbyist. "Obviously, this isn't appropriate."

Policy Council vice-chairman Will Weatherford, R-Wesley Chapel, said there is plenty of time to discuss the topic.

"Yes, it is late, but that doesn't mean we shouldn't debate important public policy issues," he said. "We all saw last summer when gas prices hit \$4. We cannot continue to have this massive dependence on foreign oil."

Offshore oil drilling has been a hot topic for years. Oil companies and those who argue the country is too dependent on foreign oil have pushed to be allowed to drill in the Gulf, while environmentalists and many in the tourism industry have lobbied against such a measure.

The House is contemplating oil drilling when it has refused to take up Gov. Charlie Crist's major green energy proposals this session, noted Eric Draper, lobbyist for Audubon of Florida.

Oil companies are promising they can drill safely while fattening state coffers, he said.

"But there is little specificity in their promises. I think there's a real risk that cash-hungry legislators will be sold a bill of goods."

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### **Penguin Bank project called off**

Honolulu Advertiser, April 21, 2009;

<http://www.honoluluadvertiser.com/article/20090421/NEWS01/904210353/1001>

By ROB PEREZ

A Seattle company is abandoning plans to pursue a controversial renewable-energy project in a Hawai'i humpback whale sanctuary because a new regulatory process effectively blocks such developments, the company's president said yesterday.

"Game over," said Burton Hamner, head of Grays Harbor Ocean Energy Co.

Hamner's company was proposing to erect as many as 100 ocean platforms over a roughly 80-square-mile area between O'ahu and Moloka'i to harness up to 1,100 megawatts of electricity from waves and wind.

The proposed site, called Penguin Bank, is in the heart of the Hawaiian Islands Humpback Whale National Marine Sanctuary, considered one of the most important habitats in the world for the endangered species. The proposal was widely criticized by environmental groups, Moloka'i residents and others, mainly because of the location. The sanctuary is considered a prime feeding and calving area for the whales. It is an important foraging spot for Hawaiian monk seals and is popular with commercial and recreational fishermen.



Grays Harbor last October had applied to the Federal Energy Regulatory Commission for a preliminary permit to study the feasibility of erecting the large platforms at Penguin Bank.

At the time, the commission and the U.S. Department of Interior were disputing which agency had jurisdiction over wave-energy projects in ocean waters beyond three miles from the coast, as was the case for the Penguin Bank project.

Under an agreement recently reached between the two agencies, companies proposing such projects must first get a lease from the Interiors' Minerals Management Service, Hamner said he was told.

But Hamner said his understanding of MMS regulations is that the agency is prohibited from issuing leases in marine sanctuaries, effectively killing the Hawai'i project. The company is pursuing six similar projects off the east and west coasts on the Mainland. None are in marine sanctuaries.

A representative for MMS could not be reached for comment.

Hamner said the Penguin Bank site was the only one in Hawai'i that would work for such a massive project. Yet because of the whale sanctuary, he knew the environmental concerns would be substantial. Each raised platform would have had three concrete-encased legs extending to the ocean floor and would have supported a windmill with a steel tower roughly 300 feet high.

The company maintained that the project would have caused no significant environmental impacts, a contention opponents questioned.

"We always knew this would be a very, very challenging site," Hamner said.

Beyond the environmental issues, the Grays Harbor proposal raised questions about its technical and financial feasibility.

Irene Bowie, executive director of Maui Tomorrow, a citizens planning and environmental group that opposed the project, said she was pleased Penguin Bank will remain free from development.

"We certainly support alternative-energy projects like this if they're well-thought out and put in the appropriate location," Bowie said. Penguin Bank, she added, wasn't an appropriate location.

Henry Curtis, executive director of Life of the Land, said he hopes the demise of this project doesn't scare off other renewable-energy developers.

"We hope that any future proposal will involve the community early on in the process and be mindful of Hawai'i's fragile environment," Curtis said.

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### **Salazar announces OCS revenue shares under EPACT-authorized program**

Oil and Gas Journal, April 20, 2009; [http://www.ogj.com/display\\_article/359771/7/ONART/none/ExpID/1/Salazar-announces-OCS-revenue-shares-under-EPACT-authorized-program/](http://www.ogj.com/display_article/359771/7/ONART/none/ExpID/1/Salazar-announces-OCS-revenue-shares-under-EPACT-authorized-program/)

Nick Snow

WASHINGTON, DC, Apr. 20 -- Six US coastal states will share nearly \$500 million from offshore oil and gas revenues in fiscal 2009 and 2010 to help restore and protect coastal wetlands, wildlife habitat, and marine areas, US Interior Secretary Ken Salazar said on Apr. 20.

Salazar said Alabama, Alaska, California, Louisiana, Mississippi, Texas, and their coastal local governments will have access to the money authorized under the 2005 Energy Policy Act (EPACT), which is allocated based on each state's qualified Outer Continental Shelf revenues generated off its coast.

The distributions will take place under the Coastal Impact Assistance Program, which was created under EPACT and is administered by the US Department of the Interior's Minerals Management Service.

In each of the two fiscal years, Louisiana will receive \$121 million, Alaska \$37.5 million, Texas \$35.6 million, Mississippi \$23.8 million, Alabama \$19.7 million, and California \$5 million. Portions of the money will go directly to 67 coastal political subdivisions, DOI said.

It said that Alaska's allocation rose more than 1,500% from the minimum in 2007 and 2008 because of about \$2.6 billion of bonus payments in OCS Lease Sale No. 193 in the Chukchi Sea, held in February 2008, and variability of production in the Gulf of Mexico due to recent hurricanes.

DOI said that EPACT requires that funding under the program be used for coastal area conservation, preservation and restoration; mitigation of damage to fish, wildlife or natural resources; implementation of a federally-approved marine, coastal or comprehensive conservation management plan, or mitigation of impacts from OCS activities through funding of onshore infrastructure projects and public service needs.

It said that eligible recipients can also use the money to plan these mitigation and restoration measures and to cover administrative costs of complying with program legislation. Only states submitting a coastal impact assistance plan meeting MMS approval are eligible, and plans must be developed in consultation with eligible coastal political subdivisions, DOI said.

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### **Shell still plans Chukchi drilling despite ruling**

Reuters, April 20, 2009; <http://uk.reuters.com/article/marketsNewsUS/idUKN2042838420090421>

By Yereth Rosen

ANCHORAGE, Alaska, April 20 (Reuters) - Royal Dutch Shell (RDSa.L: Quote, Profile, Research) still plans to start exploration drilling next year in Alaska's potentially oil-rich Chukchi Sea in spite of a new legal setback, a company manager in Alaska said on Monday.

Pete Slaiby, Shell's general manager for Alaska, said the company remains committed to drilling in Arctic waters off Alaska and to build that into a major new production base for oil and gas, even after a decision from an appeals court in Washington, D.C. on Friday that found the federal offshore leasing plan to be illegal.

"We still have every intention of pursuing a drilling program in the Beaufort and the Chukchi," Slaiby told the Anchorage Chamber of Commerce.

Friday's court ruling declared invalid the Minerals Management Service's five-year federal leasing plan under which Shell and others acquired exploration rights in the ice-choked Chukchi. The court ruled that the MMS failed to do proper environmental reviews before authorizing the 2007-2012 leasing program, and ordered the agency to rewrite the plan.

Last year's record-breaking Chukchi Sea lease sale, which drew \$2.66 billion in high bids, was the only Alaska lease sale that was conducted under the current five-year plan. Shell was the biggest bidder, putting up \$2.1 billion for exploration rights.

ConocoPhillips (COP.N: Quote, Profile, Research), Spain's Repsol Exploration and Production (REP.MC: Quote, Profile, Research), Norway's StatoilHydro (STL.OL: Quote, Profile, Research) and Italy's Eni (ENI.MI: Quote, Profile, Research) also picked up leases in that Chukchi Sea sale.

ConocoPhillips, which spent about \$500 million acquiring leases there, has planned to start exploration drilling in 2010, on a schedule similar to that of Shell's.

Both Slaiby and a spokesman for the MMS, Nicholas Pardi, said the fate of the Chukchi lease sale was unclear. Slaiby said he hoped the leases would remain intact.

"If there were some structural issues with respect to the way the five-year plan was put together, we're hopeful that they can be addressed," he said.

BEAUFORT DRILLING IN 2010

Separate litigation also over environmental reviews, meanwhile, has stalled Shell's plans for exploration drilling at its Sivulliq prospect in the Beaufort Sea, a project the company had intended to start in 2007.

Those Sivulliq leases were among those in the Beaufort Sea acquired by Shell for a combined \$84 million in prior sales that were not affected by Friday's court ruling.

While it waits for the 9th Circuit Court in San Francisco to determine the fate of its Sivulliq program, Shell plans exploration drilling starting in 2010 in other Beaufort prospects, Slaiby said.

Offshore Arctic Alaska oil development has long been controversial. The area is used by polar bears and various types of whales, which are protected by the Endangered Species Act, and other marine mammals that are considered to be vulnerable to the Arctic's rapidly warming climate.

The lightly explored Chukchi and Beaufort Seas hold potentially huge reserves of oil and gas -- most of the 132 billion barrels of recoverable oil and 132 trillion cubic feet of natural gas estimated by the MMS to lie in the entire Alaska outer continental shelf. (Reporting by Yereth Rosen; Editing by Marguerita Choy)

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### **Coastal states get share of offshore revenues**

Energy Current, April 20, 2009; <http://www.energycurrent.com/index.php?id=2&storyid=17527>

WASHINGTON, D.C. Six U.S. coastal states will share nearly US\$500 million from offshore oil and gas revenues in fiscal years 2009 and 2010 to help restore and protect coastal wetlands, wildlife habitat and marine areas. The funds are available for approved uses by Alabama, Alaska, California, Louisiana, Mississippi, Texas and their coastal local governments.

For Fiscal Year 2009, the total allocations by states include about US\$121 million for Louisiana; US\$37.5 million for Alaska; US\$35.6 million for Texas; US\$23.8 million for Mississippi; US\$19.7 million for Alabama; and US\$5 million for California. The same amounts also will be available in Fiscal Year 2010. Alaska's allocation in 2007 and 2008, which was the minimum one percent, rose more than 1,500 percent due to bonus payments of about US\$2.6 billion in Chukchi Sea Sale 193, held in February 2008, and variability of production in the Gulf of Mexico due to recent hurricanes.

The Coastal Impact Assistance Program, mandated by the Energy Policy Act of 2005 and administered by Interior's Minerals Management Service, authorizes funds to be distributed to states adjacent to Outer Continental Shelf oil and gas producing areas to mitigate the impacts of that energy development on marine and coastal areas. Under the program, the Secretary of the Interior is authorized to distribute to producing states and coastal political subdivisions US\$250 million for each of the fiscal years 2007 through 2010.

This money is shared among eligible states and coastal political subdivision and allocated based on formulas prescribed by the Energy Policy Act. Each eligible state is allocated its share based on that state's Qualified Outer Continental Shelf Revenue generated off of its coast in proportion to the total Qualified Outer Continental Shelf Revenue generated off the coasts of all eligible states. Congress also approved a 3-percent appropriation of the funds for the Minerals Management Service to administer the program.

The Energy Policy Act requires that all program funding be used for projects and activities for the conservation, protection, or restoration of coastal areas, including wetlands; mitigation of damage to fish, wildlife, or natural resources; implementation of a federally-approved marine, coastal, or comprehensive conservation management plan; or mitigation of the impact of Outer Continental Shelf activities through funding of onshore infrastructure projects and public service needs.

Eligible recipients can also use the funds for planning these mitigation and restoration measures and to cover the administrative costs of complying with program legislation. Only states that submit a coastal impact assistance plan meeting Minerals Management Service approval are eligible to receive program funds. Plans must be developed in consultation with eligible coastal political subdivisions.

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### **Appeals court nixes Interior's offshore leasing plan**

NYT, April 20, 2009; <http://www.nytimes.com/gwire/2009/04/17/17greenwire-appeals-court-nixes-interiors-leasing-plan-10584.html>

By BEN GEMAN, Greenwire

A federal appeals court today threw out the Interior Department's 2007-2012 offshore oil and gas leasing program after finding that part of the department's environmental analysis was inadequate.

The U.S. Circuit Court of Appeals for the District of Columbia decision (pdf), which sends the plan back to Interior for reconsideration, adds further uncertainty to offshore drilling policy at a time when Secretary Ken Salazar is reviewing where development should be allowed. The 2007-2012 plan was completed under President George W. Bush.

The court agreed with just one of several legal claims by environmentalists and native Alaskans who opposed expanded leasing in the Beaufort, Bering and Chukchi seas off Alaska's coast. The waters are home to polar bears, multiple whale species, seabirds and other animals. The case was brought by the Center for Biological Diversity, the Alaska Wilderness League, Pacific Environment, and the Native Village of Point Hope.

The panel found that Interior, when preparing the plan, botched its implementation of a requirement under the Outer Continental Shelf Lands Act that federal officials consider the "relative environmental sensitivity" of different OCS areas. It ordered a new evaluation.

The American Petroleum Institute, a major oil industry trade group, said it is reviewing the implications of the decision. "It would be a disservice to all Americans -- and a devastating blow to the economy -- if this decision were to delay further the development of vital oil and natural gas resources," the group said in a statement.

Sen. Mark Begich (D-Alaska), who supports oil development there, said the decision is unfortunate but blamed inadequate Bush-era planning. "The court's ruling today is a huge setback for Alaska and shows what happens when decisions are rushed," the freshman senator said in a statement. "The actions of the Bush administration have put Alaska's oil and gas industry at risk."

But an attorney for the Native Village of Point Hope -- where residents use the Chukchi Sea coast for subsistence hunting, whaling and other activities -- cast the decision as a broad repudiation of Bush-era leasing decisions. "It really emphasizes that the Bush administration was way out of line with its massive expansion in that leasing program. They rushed it through and did not do the right analysis," said attorney Peter Van Tuyn.

'All these questions have to be answered'

The next federal offshore lease sale, which would be for tracts in the western Gulf of Mexico, is scheduled for August. But it remains unclear how the decision and future decisions will affect offshore oil and gas leasing and development.

"It is very complex, and it has to be carefully reviewed before they can really say with certainty when the specific impacts are. Does it affect future leases, current leases ... all these questions have to be answered through an analysis of the decision's impact on the five-year plan," said Interior spokesman Frank Quimby.

Interior has held one Alaskan lease sale under the current plan -- Sale 193 in the Chukchi Sea last year -- and several other Alaskan sales are planned between 2010 and 2012.

In addition, the Bush administration proposed a major expansion of offshore leasing shortly before leaving office, issuing a draft five-year plan to replace the current program. The draft 2010-2015 plan includes leasing off the East and West coasts, which until last year had been covered by longstanding moratoria that have now lapsed, among other expansions.

Salazar is reviewing the plan and is holding several hearings across the country to gather input on offshore drilling policy. While he has suggested the Obama administration is open to some new leasing, he has also accused the Bush administration of acting too aggressively to widen development. Earlier this year, he described the draft proposal as a "headlong rush of the worst kind."

Van Tuyn said the court decision should help inform Salazar's review of where drilling should be allowed. "Salazar has already said he is going to look at this with fresh eyes, and this gives him a good template to do this with," he said.

Interior's study was too narrow, judges say

The decision turned on how Interior reviewed the ecological vulnerability of different areas when crafting the 2007-2012 plan.

Interior ranked the sensitivity of various OCS areas based on only the physical characteristics of those areas' shorelines, basing its rankings on a National Oceanic and Atmospheric Administration index that looked at sensitivity to oil spills, it states.

But the three-judge panel said this was an inadequate way to measure the relative sensitivity because the OCS extends far beyond shoreline areas. The OCS generally comprises federal waters between 3 and 200 miles from state shores. "Interior provides no explanation for how the environmental sensitivity of coastal shoreline areas can serve as a substitute for the environmental sensitivity of OCS areas, when the coastline and proposed leasing areas are so distant from each other," the decision states.

The opinion says these analyses are important because Interior, when making leasing decisions under the law, is supposed to strike a balance between potential environmental damage and potential oil and gas discovery. The court said Interior must conduct a more complete comparative analysis of the sensitivity of different OCS areas using a broader lens, and then reassess the timing and location of lease sales under the 2007-2012 plan.

The court sided with the environmentalists on just one of many issues they raised in the litigation. Other claims included allegations that the 2007-2012 plan violated both the Outer Continental Shelf Lands Act and the National Environmental Policy Act by failing to consider the effects of climate change on OCS regions and how the leasing plan would affect climate change.

The suit also claimed that Interior approved the plan without doing enough biological research about the Alaskan seas, and that it violated the Endangered Species Act by failing to adequately consult with the Fish and Wildlife Service or the National Marine Fisheries Service about potential harms before adopting the plan.

The judges said some of these claims were not yet ripe for review, while others lacked merit.

Senate Energy and Natural Resources Committee ranking member Lisa Murkowski (R-Alaska) said she was "troubled that the groups behind this litigation are engaging in the too-familiar tactic of suing on every possible issue, no matter the legal merits."

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### **US Appeals court vacates OCS leasing**

Oil and Gas Journal, April 20, 2009; [http://www.ogj.com/display\\_article/359745/120/ARTCL/none/ExpID/1/US-Appeals-court-vacates-OCS-leasing/](http://www.ogj.com/display_article/359745/120/ARTCL/none/ExpID/1/US-Appeals-court-vacates-OCS-leasing/)

Nick Snow

WASHINGTON, DC, Apr. 20 -- A federal appeals court vacated the current Outer Continental Shelf leasing program on Apr. 17 and ordered the US Department of the Interior to rework the portions dealing with areas off Alaska.

The decision's full impact was not immediately clear. A spokeswoman for US Interior Secretary Ken Salazar said DOI was reviewing the decision. "Secretary Salazar believes that we need a comprehensive approach to an offshore energy plan, based on sound information about our resources and extensive public input. That's why he has extended the public comment period 180 days and has held four regional meetings on the previous administration's proposed new 5-year OCS oil and gas plan," she said.

The decision by the US Appeals Court for the District of Columbia did not accept other parts of the petition by the Center for Biological Diversity, which argued that DOI should have considered potential climate change impacts in the 2007-12 federal leasing program. The court also rejected the group's arguments that the program violated provisions in the Endangered Species Act and the National Environmental Policy Act.

But the court's chief judge, David B. Sentelle, said in the opinion he wrote that DOI did not use sound science in expanding leasing areas in the Beaufort, Bering, and Chukchi Seas in the current program. Relying on a National

Oceanic and Atmospheric Administration study of environmental impacts of offshore oil and gas activity on Alaskan coastal areas was not sufficient because proposed new leasing tracts were significantly farther offshore, he maintained.

#### More complete analysis

"Consequently, on remand, the secretary must first conduct a more complete comparative analysis of the environmental sensitivity of different areas of the [OCS] and must at least attempt to identify those areas whose environment and marine productivity are most and least sensitive to OCS activity," Sentelle said.

"Though [DOI] may ultimately conclude as a result of this additional analysis that the shorelines of the Beaufort, Bering and Chukchi Seas are the areas that are most sensitive to OCS development, such a conclusion cannot be reached without considering the effects of development on areas of the OCS in addition to the shoreline," he continued.

Once DOI completes the new analysis, it will need to determine whether its reconsideration warrants exclusion of any proposed area in the leasing program, the opinion said. It said it would need to reassess the program's timing and locations to obtain a proper balance of the potentials for environmental damage, adverse coastal zone impacts, and potential oil and gas discoveries.

Judge Judith W. Rogers wrote a concurring opinion. Judge Douglas H. Ginsburg also heard the case.

Environmental organizations hailed the court's ruling. Sierra Club Lands Director Alan Manuel said on Apr. 17 that then-US President George W. Bush's "plan to drill in the sensitive Chukchi and Beaufort Seas ignored science. The plan didn't consider the serious threat drilling would pose to America's polar bears, whales, and walrus. We're pleased to see the court recognize that plans to drill overlooked very serious threats to marine mammals."

#### Sided with wildlife

"By vacating the existing 5-year plan, the court sided with the wildlife and Native Alaskans that depend on these waters for survival and put science back in the decision-making process. The Bush administration had laid at the feet of the oil industry vast areas of the Arctic Ocean that are critical to Alaska Native cultures and to species like the polar bear and bowhead whale," said David Dickson, Western Arctic Oceans program director for the Alaska Wilderness League.

But the court's action also drew fire from government officials in Alaska and an oil and gas industry group. Gov. Sarah H. Palin said the decision came only 3 days after Alaskans had voiced their opinions on offshore drilling to Salazar at one of the secretary's four regional public meetings on a new proposed OCS plan.

"Unfortunately, while we have been struggling to persuade the Obama administration not to undo the opportunities for offshore drilling, an appeals court has stepped in at the bidding of short-sighted environmentalists and pre-empted the federal-state dialogue," she added.

US Sen. Lisa Murkowski (R-Alas.), the Energy and Natural Resources Committee's ranking minority member, said that she was disappointed in the court's decision "to the extent that this may now cause a further delay in the development of the oil and gas resources that America still requires to fuel its economy.

"Alaska's OCS is America's energy storehouse and it needs to be developed with sensitivity to climate change and marine life, but I am troubled that the groups behind this litigation are engaging in the too-familiar tactic of suing on every possible issue, no matter the legal merits. This is evidenced by five of the six claims, all related to endangered species and climate change, having been dismissed or denied," she continued.

The American Petroleum Institute said in a statement that it was reviewing the ruling's implications. "It would be a disservice to all Americans, and a devastating blow to the economy, if this decision were to delay further the development of vital oil and natural gas resources," it noted.

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