

# Committee on Resources

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**Testimony**  
**Before the Committee on Resources**  
**United States House of Representatives**

## **Hearing on the Domestic Energy Production through Offshore Exploration and Equitable Treatment of State Holdings Act of 2006**

**June 14, 2006**

Mr. Chairman, thank you for the opportunity to testify before this Committee on a matter of great importance to the State of Florida. With the exception of Alaska, no other state in the nation boasts as much coastline as the Sunshine State, and the people of Florida pride themselves on the natural scenic beauty of our extraordinary waters.

As the fourth largest state in the Union, Florida has a prosperous economy based on tourism, agriculture, technology and trade. Home to the only living coral reef in the lower forty-eight states and 825 miles of unspoiled sugar-white beaches, it naturally follows that a large percentage of our state's economy is built on tourism with more than 85 million visitors each year, contributing more than \$57 billion and more than 900,000 jobs to the economy. More than 33 million of these annual tourists are drawn by our world-class beaches and near-shore coastal waters. In addition, Florida's marine industry injects more than \$18 billion to the state's economy, recreational and commercial fishing inject more than \$8 billion into Florida's communities, and boating contributes another \$15 billion. Florida's natural resources provide the foundation on which many residents build their businesses and their lives. This is why Governor Jeb Bush has vigorously advocated protection against oil and natural gas development off of Florida's shores.

Over the last seven years, Governor Bush has demonstrated his commitment to protect Florida's coastline from the potential threat of offshore development. In 2001, he secured a historical commitment from the federal government to buy back existing drilling rights just 25 miles off of Pensacola while preventing new leasing within 100 miles of the Panhandle and 200 miles of Tampa through 2007. In addition, in June of 2005 Governor Bush and the Florida Cabinet signed an unprecedented settlement agreement between the State of Florida and the Coastal Petroleum Company to forever eliminate the potential for oil drilling in state waters.

Florida is committed to supporting a national energy policy that balances future offshore development with conservation and environmental protection. Developing renewable, environmentally friendly, domestically produced fuels like ethanol, improving conservation practices, and increasing efficiency will help the U.S. meet its own energy needs. This year, Governor Bush spearheaded the 2006 Florida Energy Act, a \$100 million strategy to diversify the state's fuel supply and provide long-term energy security. This four-year comprehensive plan provides rebates, grants, and tax incentives to create a more balanced energy portfolio by increasing Florida's investment in renewable energy sources such as solar, hydrogen, and biofuels. Specifically, the 2006 Florida Energy Act provides \$7.5 million to stimulate investment in ethanol refining capacity to help Florida meet its demand for motor vehicle fuel. This investment will speed the development of two or three ethanol production plants in southwest Florida, which could annually produce up to 80 million gallons of renewable fuel for Florida's drivers. In addition, Florida's "Farm to Fuel" program will take advantage of the vast amount of farm acreage in the state and our year round growing season to cultivate the agricultural products needed to produce ethanol.

For the last 25 years, Congress has determined which areas of the U.S. Outer Continental Shelf (OCS) were appropriate for new exploration and development. In 1981, Congress initiated an appropriations moratorium prohibiting any funds from the U.S. Treasury to be spent on new oil and natural gas leasing

activities off certain areas of California. In 1984, Congress extended that moratorium to the Eastern Gulf of Mexico and other parts of the OCS and continued to add more OCS acreage over the years. Following Congress's lead, in 1990, President George H.W. Bush issued a Presidential directive administratively preventing new leasing in some areas of the OCS until the year 2000, and in 1998 President Clinton extended this Presidential Withdrawal until 2012 and expanded it to its current size. Today, the Presidential Withdrawal and the Congressional Moratorium prohibit new leasing activities throughout the OCS except in the Central and Western Gulf of Mexico, Alaska, the Lease Sale 181 area, and an area known as the Straits of Florida. Thus, the Congressional Moratorium and the Executive Withdrawal cover almost the entire Atlantic and Pacific coastlines of the lower forty-eight states.

As Congress evaluates the actions necessary to address America's future energy needs and the demand for new production in the Eastern Gulf of Mexico, Florida requests that you consider its environmental and economic interests:

#### **Codification of the Presidential Withdrawal**

The State of Florida supports efforts to maintain the annual Congressional Moratorium and the Presidential Withdrawal through at least 2012. Placing the Presidential Withdrawal in law would provide additional permanency to the current protections provided by the annual Congressional Moratorium.

#### **No-Drilling Buffer Zone**

To protect our environment and tourism-based economy, Florida supports a no-drilling buffer zone of at least 100 miles around the state, from Pensacola to Jacksonville. Prohibiting development of near-shore waters in the Straits of Florida and along the eastern seaboard, which are not currently protected by Presidential Withdrawal or Congressional Moratorium, increases protection for our sensitive marine resources. In addition, the marine communities found on the Florida outer continental shelf would be protected from other potential environmental impacts caused by offshore activities, including physical disturbances caused by anchoring, pipeline placement and rig construction, the resuspension of bottom sediments and pollution from drilling and production discharges.

#### **Lease Buy-Back or Exchange**

Equally important, any legislative proposal must address the existing, potentially active leases in the Eastern Gulf of Mexico Planning Area. Governor Bush has long held that no oil or natural gas drilling should occur within 100 miles of Florida's coast. With 67 leases in the Eastern Gulf wholly or partially within 100 miles of the State of Florida, the threat of near-shore drilling remains. Florida has already taken action to eliminate the threat of near-shore drilling in the waters under its jurisdiction. Last year, under the leadership of Governor Bush, the Florida legislature appropriated \$12.5 million to buy back the last remaining oil leases in state waters. Similarly, any federal legislation should create a lease buy-back or exchange program that would help to create a truly drilling-free buffer zone around the entire Florida coastline. Such a program should allow the holders of near-shore leases, such as those within 100 miles of Florida, to sell back their leases to the Department of Interior or exchange them for leases further offshore safely beyond the immediate threat of environmental harm. As an additional incentive to exchange the leases, any new legislation should prevent companies which opt to retain leases within 100 miles of Florida from filing an exploration plan until after 2012. Participation in a federal OCS lease buy-back or exchange program in the Eastern Gulf of Mexico would make economic sense for most oil and natural gas companies, offering them the opportunity to trade restricted leases of limited value for new leases that would be outside an area withdrawn from leasing and outside of the Joint Gulf Test Range.

#### **The Joint Gulf Test Range**

Any OCS legislation must protect the military's interest in the Eastern Gulf of Mexico. The Eastern Gulf is home to the Joint Gulf Test Range that extends from the panhandle of Florida all the way to Key West. The Florida panhandle houses Eglin Air Force Base, the largest Air Force base in the United States, as well as Tyndall Air Force Base and Pensacola Naval Air Station. Both the Navy and the Air Force conduct training missions in this vast test range essential to our national security. In a recent speech on the floor of the House of Representatives, Congressman Jeff Miller, who represents a heavily military district in the Florida Panhandle, listed the following current and future missions planned in the Eastern Gulf of Mexico: "the F-35

Joint Strike Fighter initial training and live fire; the F-22 pilot upgrade training, including the AMRAAM live fire; Tomahawk cruise missiles launched from submerged vessels; testing of Small Diameter Bomb program against man-made targets in the Gulf of Mexico; F-16 weapons system testing and evaluation; air dominance munitions; unmanned combat air vehicles; and directed energy weapons and classified programs.” With this myriad of critical training missions in the Eastern Gulf it is no wonder that last November the Secretary of Defense Donald Rumsfeld wrote that, “Areas east of 86°41’, which is the military mission line . . . are critical to DOD.” He went on to say, “In these areas east of the military mission line, drilling structures and associated development would be incompatible with military activities, such as missile flights, low-flying drone aircraft, and weapons testing and training.” Knowing that areas east of the military mission line are critical to the training of our military interests located in Florida, last year Governor Bush supported legislation that would have required the Department of Interior to consult with the Department of Defense on any new leasing activities in the Eastern Gulf and gave oversight authority to the President.

### **State Options**

The State of Florida supports a states’ rights approach to offshore development. The ability of coastal states to maintain a no-drilling buffer in the OCS is of vital importance to Florida where the tourist-based economy depends on a clean and healthy marine environment. Governor Bush and I strongly support giving states control over a reasonable portion of the OCS, putting this critical decision in the hands of the people most impacted by offshore oil and natural gas production. Such a plan by Congress would give the people of Florida the ability to maintain in perpetuity a no-drilling buffer zone that would forever protect our resources and quality of life.

### **Protection of State Borders**

New legislation should also allow states to maintain a buffer zone in the waters between each state. It would be important to allow either state to unilaterally prevent offshore development in a reasonable portion of its neighboring state’s waters. Additionally, Governor Bush has objected and will continue to object to any offshore development in the area of the Gulf of Mexico known as Lease Sale 181 that is within 100 miles of the coast of Florida. This is the 800,000-acre area commonly known as the “stovepipe” that forms the seaward border between Florida and Alabama. Florida supports legislation that maintains this protection.

### **OCS Inventories**

Florida supports legislation that would prevent additional inventories from being conducted in areas of the OCS withdrawn from leasing which violate the spirit of the withdrawal and encourage additional drilling activities in these areas. Additional OCS inventories would be costly, duplicative, and unnecessary in light of the Comprehensive Inventory of U.S. Oil and Natural Gas Resources, mandated by the Energy Policy Act of 2005 and submitted to Congress in February 2006 by the Department of Interior’s Minerals Management Service.

### **Near-Shore Natural Gas Drilling**

Finally, the State of Florida vehemently opposes natural gas drilling proposals currently circulating in Congress that would open up the OCS to drilling as close as 20 miles to Florida’s beaches. Recent attempts to amend the House version of the Department of Interior Appropriations bill for fiscal year 2007 even contemplated a complete repeal of the 25-year Congressional Moratorium. This could have brought natural gas drilling as close as three miles away from Florida and other coastal states. These efforts represent an unwise, haphazard approach to energy production on the OCS.

Despite claims to the contrary by the promoters of these plans, there are serious environmental risks associated with near-shore natural gas drilling, and while it is possible to produce natural gas only, it is usually found with other liquid hydrocarbons. Whether it is a 20-mile buffer or a three-mile buffer, neither distance gives states or the federal government enough time to react in the event of an unexpected spill or blowout at a natural gas platform. The potential environmental impacts resulting from routine discharges of drilling mud and rock cuttings associated with any drilling operation would also be amplified by near-shore

natural gas drilling. Up to 3,200 cubic meters of silt-like rock cuttings and mud could be released by one exploratory well. These discharges could contain significant amounts of toxic metals, which could be released into the ocean environment posing a threat to marine life and clouding Florida's crystal clear waters.

The State of Florida thanks Chairman Pombo and this Committee for considering the environmental and economic interests of the people of Florida when crafting this crucial piece of legislation. Governor Bush and I are personally grateful for the opportunity to present this testimony before you today, and we will continue to work with you to promote legislation that empowers states to determine their own future on the U.S. Outer Continental Shelf.