

KATHY CASTOR
11TH DISTRICT, FLORIDA

COMMITTEE ON
ENERGY AND COMMERCE

SUBCOMMITTEE ON HEALTH

SUBCOMMITTEE ON COMMERCE, TRADE, AND
CONSUMER PROTECTION

SUBCOMMITTEE ON COMMUNICATIONS,
TECHNOLOGY, AND THE INTERNET

COMMITTEE ON
STANDARDS OF OFFICIAL CONDUCT

DEMOCRATIC STEERING AND
POLICY COMMITTEE

REGIONAL WHIP



Congress of the United States
House of Representatives
Washington, DC 20515-0911

WASHINGTON OFFICE:

317 CANNON BUILDING
WASHINGTON, DC 20515
(202) 225-3376

DISTRICT OFFICE:

4144 NORTH ARMENIA AVENUE
SUITE 300
TAMPA, FL 33607
(813) 871-2817

www.castor.house.gov

September 21, 2009

The Honorable Ken Salazar
Secretary
U.S. Department of the Interior
1849 C Street, NW
Washington, DC 20240

RE: 2010-2015 Oil and Gas Leasing in the Outer Continental Shelf

Dear Secretary Salazar:

Thank you for this opportunity to provide my comments on the Draft Proposed 5-year OCS Oil and Gas Leasing Program for 2010-2015.

As you know, 8.3 million acres in the eastern Gulf of Mexico were newly opened to drilling under the Gulf of Mexico Energy Security Act of 2006 (GOMESA). Vast new swaths of deepwater areas within 8.3-million acres are newly open to leasing, but have barely begun production. GOMESA also protected significant areas within the Eastern Gulf Planning Area from any leasing or preleasing activity. It was clear and agreed upon that the areas protected from leasing have important environmental, economic and military functions. I strongly protest the inclusion of such areas that are protected under GOMESA within the draft proposed program (pages 56-58). I urge that these vital areas not be included in any final proposal.

The Proposed Plan is a Response to a False Emergency

I also question the need and the wisdom of adopting any plan to replace the existing leasing plan adopted for 2007-2012. The draft proposed 2010-2015 program was written several years before the completion of the existing plan based on rationale that have not withstood the facts, namely that a new leasing plan would be an effective way to address high gasoline prices, which at the time had spiked to over four dollars per gallon in much of the nation. Crude oil had spiked to over 150 dollars a barrel.

The intervening months have served to dispel the false sense of urgency. Even at the time, the Energy Information Administration found in the 2007 Annual Energy Outlook that opening the Outer Continental Shelf for new drilling "would not have an impact on domestic crude oil and natural gas production or prices before 2030," due to

the global nature of crude oil prices. As if to provide further evidence that high gas prices did not signal a need for drilling on the OCS, crude oil prices have fallen to less than half of their peak without new offshore areas coming online. Stockpiles of crude oil and home heating oil are at their highest level in history. In response, the petroleum industry has scaled back production on existing leases. The US oil and gas rig count in operation for August 2009 was 980, down 1,007 from the 1,987 counted in August 2008.

An even greater change has taken place in the natural gas market since the decision to prepare a new leasing plan was made. Natural gas prices are at a seven year low, far below even the lowest reference case for economically recoverable resources on page 90 of the draft proposed program. Current stockpiles in storage for the coming winter have reached over 3.2 Trillion cubic feet, or 90% of all existing U.S. storage capacity. In June, the Potential Gas Committee released a report concluding that the U.S. has more than 2,000 trillion cubic feet of natural gas still in the ground, or nearly a century's worth of production at current rates. This estimate has soared 58% in the past four years, thanks to the discovery of huge new gas fields in Texas, Louisiana, and Pennsylvania, and the discovery of new extraction techniques for shale gas. Most of this gas is onshore, not offshore. There is no need to rush into reconsideration of the 2007-2012 leasing plan when the oil and gas industry has not come close to fully utilizing areas that are already available for leasing.

The Proposed Plan could Harm Irreplaceable Florida Natural Resources

One of the arguments frequently cited during Congressional debate on offshore drilling last summer was that nations like Australia have extensive offshore oil production, and they have not experienced any environmental disasters like the Santa Barbara blowout that devastated California coasts in 1969 and led to the United States' moratorium. On August 21, oil from an exploratory oil well inexplicably began pouring into the Timor Sea from deep under the ocean bed near the coast of Australia. Due to the remote location of the well, and the lack of information about the cause of the spill, repairs could not begin for weeks, and have still failed to stem the flow. Repairs are not expected to be complete for at least a month, during which tens of thousands of barrels of oil will continue to flow into the ocean.

A similar spill in the Eastern Gulf of Mexico would be devastating to the Florida coastal environment. Dr. Robert H. Weisberg, physical oceanographer at the University of South Florida warns that damage from oil spills would be higher in the vicinity of the powerful loop current, which circulates warm water from the Caribbean Sea up toward Louisiana, then sweeps it down through the Straits of Florida, around the Keys and up the Atlantic coast to the Gulf Stream. Pollution from the rigs that settles into the loop current could flow south and coat the Keys, then be pushed north and potentially wreak further havoc. If the spill occurred over the West Florida Continental Shelf the currents could sweep it to the Tampa Bay area and the rest of Florida's west coast. The configuration of Gulf ocean currents would magnify the impacts of any spill in the Eastern Gulf Planning Area. It would only take 24 hours after a petroleum spill in the eastern gulf for the oil to sully Florida's panhandle beaches. If the spill was swept up in the loop current, the spill

would pollute the Florida Keys, contaminate estuaries and beaches from the Everglades to Cape Canaveral.

The coast of Florida is exceptionally environmentally sensitive. The two planning areas that include Florida coastline, the South Atlantic Planning Area, and the Eastern Gulf Planning Area rank first and second respectively in the Environmental Sensitivity Index. This is chiefly because over 90 percent of our coastline is considered "high sensitivity," a designation that includes estuaries, mangroves, swamps, coastal wetlands, and the white sand beaches for which our state is famous. Our coasts provide nesting grounds for threatened birds and sea turtles, and our oceans teem with manatees, turtles, and fish. The Loop Current flows directly to the Florida Keys Marine Sanctuary. The draft proposed program fails to take into account that Floridians have worked very hard to preserve these priceless marine and coastal resources from the threat of oil slicks.

Proposed areas of expanded drilling directly in the path of Hurricane Alley make environmental disaster all the more likely. Hurricane Katrina destroyed 113 oil platforms and damaged 457 pipelines near Louisiana, according to the Minerals Management Service. U.S. Coast Guard officials said more than 9 million gallons of petroleum products spilled. By comparison, in 1989 the Exxon Valdez spilled 11 million gallons. The prospect of that sort of spill combined with the risk posed by the loop current were key reasons for the GOMESA agreement in 2006, and they are key reasons I oppose the current draft proposed program.

Despite all of the precautions we have taken by preventing oil and gas drilling near Florida shores, and the investments we have made in maintaining coastal lands, my hometown of Tampa has seen two oil spills over the past decades. One spill came from a damaged tanker in 1970, and the second resulted from a tanker collision in 1993. While relatively minor in comparison to the currently gushing rig near Australia, these spills blackened Tampa area beaches. They gave my community first-hand experience attempting to rescue oil-slicked waterfowl before they drown from loss of buoyancy, or ingest the toxic oil through preening. Allowing oil drilling in the Eastern Gulf Planning Area would increase tanker traffic to Florida ports, which poses an even greater risk of spills than the rigs themselves.

The Proposed Plan Would Harm Florida's Economy

The economy of Florida is largely dependent on visitors who come to Florida from around the nation and around the world to visit our famous beaches, wildlife reserves, and other coastal attractions. With 825 miles of sandy beaches, Florida has become synonymous with beach, island, and ocean tourism. With tens of millions of visitors to Florida beaches each year, a massive economic infrastructure has grown to support beachgoers, including hotels, marinas, restaurants, equipment rental and more. In 2007 alone, tourism returned \$3.9 billion to Florida in tax revenue and generated \$65.5 billion in direct economic impact.

One main reason for Florida's popularity as a destination for beach tourism is simply the exceptional quality of our beaches. The region I represent is home to the beach

consistently rated as America's best, Fort De Soto Park. TripAdvisor cites its "spectacular combination of soft white sand" and "calm, clear water." The state of Florida's beaches is not an accident of geography, but represents a deliberate investment in preserving and maintaining our natural resources as opposed to industrializing the coast like other Gulf States.

Another main economic driver of Florida is the fishing industry. In 2008, the National Marine Fisheries Service recorded 39 thousand metric tons of fish commercially caught in Florida, with a value of \$170 million dollars. In addition to a robust commercial fishery, Florida attracts a large compliment of sport fishers who add to our tourism revenue. In 2006, recreational fishers spent \$4.8 billion dollars on fishing expeditions and related equipment and services.

In addition to the risk of spills, oil and gas seismic surveys can disrupt fish reproduction and consequently harm fish populations. Drilling muds include toxic substances like barium, chromium and arsenic. The EPA found that such discharges into the Eastern Gulf would "introduce significant quantities of contaminants to these relatively pristine waters." In 2002, the Mobile Press-Register tested grouper and other fish caught around Alabama's offshore rigs. They contained so much mercury that they would not be acceptable for sale to the public under federal guidelines. The drilling muds left mercury in the sea-bottom in concentrations as high as that found at Superfund sites.

The economic fortunes of Florida's tourism and fishing industries are tied to the environmental state of its coasts and beaches. Oil and gas buildout in the Eastern Gulf would require a corresponding industrialization of the Florida coast, with refineries, storage tanks, chemical facilities and pipelines crowding into vulnerable coastal areas. It is this rapid industrialization, not only the risk of spills, which threatens Florida's tourism and fishing economies. The draft proposed program would spark a transition from an economy built on celebrating and preserving Florida's environmental treasures to an economy that damages and pollutes them.

The Draft Proposed Program Would Hurt Military Readiness

The Eastern Gulf is currently the only long range weapons and operations testing area on the east coast. Key weapons programs that are currently in the testing cycle require very large footprints in the test range. If the Eastern Gulf areas in the draft proposed program are industrialized, these live ammunition tests could not be carried out. Furthermore, existing debris from operations poses a serious safety risk for platforms and personnel. I have appended to this comment a letter from Florida Members of Congress to Congressional leadership in support of the military claim on the Eastern Gulf. Maintaining this training and testing mission remains a strong bipartisan priority for elected representatives in my state.

The operative policy is currently the "Memorandum of Agreement Between the Department of Defense and the Department of the Interior on Mutual Concerns on the Outer Continental Shelf," of July 20, 1983. The memorandum was revised in July of 2000 to exclude certain areas in Lease Sale 181, and reaffirmed by the Air Force in 2005.

The Military Mission Line in the Gulf of Mexico Energy Security Act is a direct reflection of this memorandum of agreement, demonstrating Congressional concurrence with the policy. The draft proposed program should not include areas withdrawn from leasing as a part of this military readiness policy.

The Draft Proposed Program Is a Step Backward for Energy Policy

On June 26, 2009, the House of Representatives passed the American Clean Energy and Security Act (ACESA), a comprehensive reform of America's energy policy focused on reducing dependence on fossil fuels and investing in American innovation in renewable sources of energy. The United States Senate is currently considering similar legislation. This new energy policy marks a shift from fuels that contribute to climate change, and are chiefly provided by overseas suppliers, to a new home-grown energy economy that preserves our climate and our environment. The draft proposed program, while it contains some encouraging sections in regards to offshore renewable energy, as a whole perpetuates the fossil-focused energy policy of the past.

Rather than signaling a recommitment to new oil and gas development, Congress is currently working to fund alternatives. Some of the most important are the electrification of our vehicle fleet, greater fuel efficiency standards, advanced biofuels, new investments in public transportation, and the construction of a High Speed Rail network. The American Clean Energy and Security Act, and the American Recovery and Reinvestment Act (ARRA) contain new investments in each of these areas to reduce the transportation sector's current 97% reliance on liquid fuels and bring down oil demand in the United States.

At the same time, ACESA and ARRA contain investments to increase energy efficiency and create clean energy jobs to reduce the need for fossil fuel electricity generation. Some of these investments will go to offshore renewable energy. Florida Atlantic University has done extensive research and development on ocean current power, which I am encouraged to see recognized in the draft proposed program. However, the vast recommitment to new oil and gas development represented by the draft proposed program is simply incompatible with the new direction our energy industry must take if we are to avoid the impacts of climate change.

Conclusion

The draft proposed program would commit our energy policy to additional oil and gas drilling on the Outer Continental Shelf and all of the environmental damages and risks that accompany it, with a negligible impact on oil or natural gas prices. In particular, the proposed lease sales in the Eastern Gulf Planning Area would hurt the environmental and economic interests of my state, and the military readiness interests of the entire nation. It would provide a well funded industry with an incentive to rapidly industrialize a coastline that is both one of the most sensitive and one of the most beautiful in the nation. Furthermore, this industrialization would work at cross-purposes with the current economic engines, tourism and fishing. The presence of both the most active hurricane corridor in the nation and the powerful Loop Current magnify the risks posed by the draft proposed plan. The program also works against the much needed broader shift in national

energy policy. The plan has the additional distinction of being completely unnecessary, as the current leasing plan is in effect until 2012, and the current underutilization of existing leases belies any claims of urgency to open new ones. I urge that the current 2007-2012 leasing plan remain in effect until its expiration. Any new plan, if finalized, should not include any new leases in the area covered by the Gulf of Mexico Energy Security Act moratorium, or on the Atlantic coast of Florida.

Thank you once again for this opportunity to provide comment. I look forward to continuing to work with you to ensure that oil and gas development occurs with a proper focus on preserving our environmental, economic, and military interests.

Sincerely,

A handwritten signature in blue ink that reads "Kathy Castor". The signature is written in a cursive, flowing style.

Kathy Castor
U.S. Representative
Florida – District 11

Congress of the United States
Washington, DC 20515

June 26, 2009

The Honorable Harry Reid
Majority Leader, U.S. Senate
S-221 The Capitol
Washington, DC 20515

The Honorable Mitch McConnell
Minority Leader, U.S. Senate
S-230 The Capitol
Washington, DC 20515

The Honorable Nancy Pelosi
Speaker of the House of Representatives
H-232 The Capitol
Washington, DC 20515

The Honorable John Boehner
Minority Leader, House of Representatives
H-204 The Capitol
Washington, DC 20515

Dear Leader Reid, Leader McConnell, Speaker Pelosi and Leader Boehner,

We are writing to express our strong support for the longstanding bipartisan legislative agreement that any new mineral leasing activity on submerged lands of the Outer Continental Shelf (OCS) would not encroach upon the military missions in the Eastern Gulf of Mexico. We are deeply appreciative of the leadership you have shown on this issue over the years and hope to work with you this year to continue this vital protection.

We want to ensure that any energy bill considered by the Congress takes into account our nation's military preparedness. Currently, the Eastern Gulf of Mexico provides unique testing and training ranges declared incompatible with mineral exploration and extraction by the secretary of defense in 2005. This position has since been reasserted numerous times by the Department of Defense. By prohibiting drilling that encroaches upon the military's mission, we can ensure our nation will be able to test the most modern technology and provide the best training for our service members of the present and future.

The Eastern Gulf of Mexico provides our military with a testing and training range unlike any other in the world. These ranges are a unique and irreplaceable national security asset that provides critical live-fire testing and training opportunities. Some of the missions performed on the ranges include: Air-to-Air Weapons Testing, Air-to-Surface Weapons Testing, Surface-to-Air Weapons Testing, Ship Surface-to-Air, Mine Warfare Testing, F-15/F-22 Combat Crew Training, Operational Fighter Wing Training, Weapon Systems Evaluations, Special Forces Training, Navy Cruise Missiles launches, Carrier Battle Group Training, Littoral Warfare Beach Assaults, Naval Expeditionary Warfare Training, Amphibious Ready Group and Marine Expeditionary Unit Exercises, and soon the Joint Strike Fighter Primary Training. While simulators and non-live fire exercises are an important part of military training, there is no adequate substitute for live-fire training using the full range of ordnance available to the Armed Forces.

With a renewed interest in developing natural gas and oil on the OCS, we believe it is again imperative for Congress to reaffirm its authority on this issue. Therefore, we respectfully urge

you to include language that protects this important national asset from encroachment. Further, we ask you to include the Florida delegation in any dialogue or discussion that includes proposals to open the Eastern Gulf of Mexico to new exploration.

Once again, we encourage you to support this important protection, which represent over 20 years of bipartisan agreement on the importance of preserving the valuable military ranges of the Gulf of Mexico. Thank you for your consideration of this request.

Sincerely,



U.S. Senator Bill Nelson



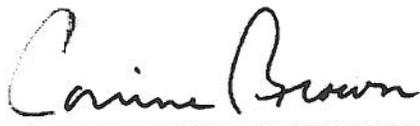
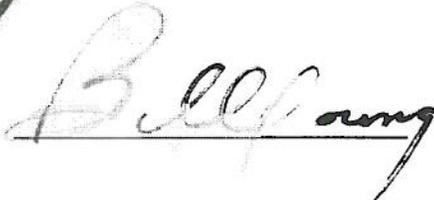
U.S. Senator Mel Martinez



U.S. Representative Allen Boyd



U.S. Representative Jeff Miller



Vern Buchanan

Luzanne M. Kamas

J. J. P.

Kathy Castor

Ken Klein

Eda H. Pat

Gene Bar-Watch

Della W. Schell

Archie Crenshaw

Kendrick B. Hill

Gene M. Calverley

Cliff Perry

John Rooney

Alan Grayson