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Worth the risk? Debate on offshore drilling heats up

By Rick Jervis, William M. Welch and Richard Wolf, USA TODAY

PORT FOURCHON, La. — From his perch at the southern tip of Louisiana, port director Ted Falgout sees green: the color of money that comes from the nation's busiest haven of offshore drilling.

"It's OK to have an ugly spot in your backyard," Falgout says, "if that spot has oil coming out of it."

From her vantage point in Santa Barbara, Calif., a city known for beautiful beaches and wealthy residents, Mayor Marty Blum recalls black: the color of more than 3 million gallons of oil that flowed from a drilling rig blowout in 1969 and covered 35 miles of coastline with a thick layer of goo.

"The people of Santa Barbara don't want any more oil drilling. That's just pretty plain," she says. "But everybody's got a price, and at a certain price per gallon, we're all going to want more drilling."

Environmental hazard or energy bonanza: Oil and natural gas trapped beneath the USA's ocean floor mean different things to different people. As gasoline soars beyond \$4 a gallon, President Bush and his would-be Republican successor, John McCain, see a viable source of domestic production. Democrat Barack Obama and the nation's environmentalists see a threat to pristine waters and beaches — and little help at the pump from offshore drilling.

It's a debate with a rising decibel level, thanks to an energy crisis fueled by rising demand halfway around the world.

The United States consumes nearly one-fourth of the world's oil but produces only about 10%. Its 1.76 billion-acre Outer Continental Shelf, which extends from about 3 to 200 miles offshore, is prime hunting ground.

In 2006, a consortium led by Chevron proved that oil could be produced from a geological area about 175 miles from Louisiana that's estimated to hold 3 billion to 15 billion barrels of oil.

Since Congress imposed a moratorium on new drilling in 1981, most of the nation's coastline has been off-limits — a type of ban that does not exist in countries such as Brazil and Norway, which have found large oil deposits offshore. As prices rise, polls show two-thirds of Americans favor new drilling for oil and gas.

"The big discoveries are happening offshore," says Robert Bryce, managing editor of *Energy Tribune*.

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By most estimates, at least 18 billion barrels of oil can be produced from areas that are off-limits, on top of 68 billion barrels in areas where drilling is allowed. The 18 billion barrels would be enough to fuel the country for 2½ years.

Randall Luthi, director of the Minerals Management Service, says the estimate is "extremely conservative, because it's been 20 or 30 years since we've had the opportunity to look and see what's there."

A tale of two coasts

No two places illustrate the two sides of the debate better than Louisiana and California, where much oil has been produced but much more lies below:

•**Louisiana** has had offshore drilling since 1947. About 172 active rigs dot the Gulf of Mexico waters off the coast, producing about 79% of the oil and 72% of the natural gas that comes from drilling off the nation's coastlines.

The state gets about \$1.5 billion annually in oil and gas revenue, a figure that will grow when it starts receiving part of oil companies' royalty payments in 2017 under federal law.

"It's absolutely worth it," says Garret Graves, head of the Governor's Office of Coastal Activities.

The biggest environmental impact has been the estimated 10,000 miles of canals dug by the oil and gas companies to transport oil and lay pipelines.

The canals crisscross the coastal wetlands of Louisiana and have contributed to coastal erosion, says Mark Davis of Tulane University.

Environmentalists say the canals and lack of marshland removed an important natural buffer against storms and amplified Hurricane Katrina's damage.

Offshore drilling also draws bustling ports, pipelines, petrochemical plants and other infrastructure that can disrupt natural coastal ecosystems.

"Where you have oil and gas, you have petrochemical plants," says Cynthia Sarthou of the Gulf Restoration Network. "I haven't seen one come without the other."

•**California** was home to the first U.S. offshore oil production in 1896, from a wooden pier in Summerland. Today, it's easy to spot oil rigs from coastal highways and the pricey seaside real estate that dots Santa Barbara County's hillsides.

There are 26 oil and gas drilling platforms off the southern California coast and 1,500 active wells. Those in federal waters have produced more than 1 billion barrels of oil and 1.5 trillion cubic feet of natural gas since the 1960s, says John Romero of the Minerals Management Service.

Since the 1969 spill, he says, they've spilled only 852 barrels of oil, the result of better technology and regulatory vigilance.

Federal geologists, Romero says, estimate an additional 10 billion barrels of oil and 16 trillion cubic feet of natural gas are under the sea floor in areas where drilling is banned. But producers are mindful that, since 1969, public opinion has not been on their side.

"Our industry has gotten a pretty clear message from the California public that at least up until recently, there was not much interest in seeing new drilling off California," says Joe Sparano, president of the Western States Petroleum Association.

'Oil and water don't mix'

Environmentalists see two basic problems from offshore drilling: pollution from everyday operations and oil spills from platforms, pipelines and tankers.

On both fronts, they acknowledge, the industry has improved through the years.

"Today's technology is much better at routine drilling, at avoiding the kinds of seepages that were common a generation ago," says Tyson Slocum of Public Citizen.

Even so, there are still risks.

When oil is brought up from beneath the ocean floor, other things are, too. Chemicals and toxic substances such as mercury and lead can be discharged back into the ocean.

The water pumped up along with the oil may contain benzene, arsenic and other pollutants. Even the exploration that precedes drilling, which depends on seismic air guns, can harm sea mammals.

"Basically, oil and water don't mix," says Melanie Duchin of the environmental group Greenpeace, who lives in Alaska and still sees pollution from the 11 million-gallon Exxon Valdez spill of 1989, which supplanted Santa Barbara as the nation's worst. "Oil smothers wildlife."

Government officials and industry specialists say improved technology and government oversight have made routine drilling safe.

State and federal laws regulate how much of each chemical can be discharged into the water; most are at insignificant levels, according to the Minerals Management Service. The mercury that's generated cannot be absorbed by fish tissue, officials say, avoiding the food chain.

"The best fishing in the Gulf is where the rigs are," says Rep. John Peterson, R-Pa., a leading proponent of offshore drilling.

Spills from platforms have become far less frequent over recent decades, federal data show.

A report by the National Research Council found that offshore oil and gas drilling was responsible for just 2% of the petroleum in North America's oceans, compared with 63% from natural seepage and 22% from municipal and industrial waste. Coast Guard reports show that the amount of oil spilled in U.S. waters dropped from 3.6 million barrels in the 1970s to less than 500,000 in the 1990s.

During Hurricanes Katrina and Rita in 2005, 115 oil platforms were toppled, but only insignificant amounts of oil spilled, says Roland Guidry, Louisiana's oil spill coordinator.

There was significant pollution — 8 million to 10 million gallons of oil spilled, mostly from tanks and pipelines on land and from tankers striking submerged drilling platforms — but less than 10% of that came from federal offshore operations.

Today's technology, such as automatic shutoff valves on the seabed floor and mechanical devices that can prevent blowouts caused by uncontrolled buildups of pressure, has greatly reduced the risk of oil spills.

"Offshore drilling is the safest way to go," Guidry says. "Those guys don't spill oil."

Environmentalist Richard Charter of the Defenders of Wildlife Action Fund says smaller spills are still too common.

"This is a dirty, polluting industry," he says. "I've seen it with my own eyes, stepped in it with my own feet."

The biggest pollution risk involved in offshore drilling is in transporting the oil back to shore — by pipeline, barge or tanker.

The 2002 National Research Council report found that marine transportation was responsible for one-third of worldwide petroleum spillage, about eight times the amount caused by drilling platforms and pipelines.

Still, the Minerals Management Service projects about one oil spill per year of at least 1,000 barrels in the Gulf of Mexico over the next 40 years. Every three to four years, it says, a spill of at least 10,000 barrels can be expected.

"If that hit a beach in western Florida once every four years, I think people would care," says Michael Gravitz of Environment America. "Those communities live and die by having clean beaches."

Looking beyond the Gulf

Beyond environmental concerns, the central debate focuses on where to drill for more oil.

Democrats in Congress, led by House Speaker Nancy Pelosi of California, say areas where drilling already is permitted should remain the bull's eye. Only about 8 million of 43 million leased acres were producing oil in 2006. Nearly 80% of the oil estimated to be producible is within limits.

Willard Green, past president of the American Association of Petroleum Geologists, says Democrats "are suggesting that there's a

great big lake of oil under that acreage, and all the companies have to do is dig a hole down and produce it."

Much of it, he says, lacks enough oil to make drilling economical. About 70% of the oil found in the Gulf last year was in deep water, where it's more expensive to drill.

The central and western Gulf "is an area that we've picked over a lot," says Richard Ranger, senior policy adviser at the American Petroleum Institute.

Some critics of offshore drilling say companies want to stockpile leases before Bush, a former oil company executive, leaves office. "They want to put inventory on the shelf," Gravitz says.

The nation's coastal shelf runs from Maine to Texas and from California to Alaska, but geologists are most interested in untapped waters west of Florida and southern California. Proponents of drilling also have hopes for the northern Atlantic.

Even the Department of Energy says oil from those areas won't arrive anytime soon.

It projected last year that with the ban in place until 2012, new drilling would produce only 7% more oil in 2030, and the impact on oil prices would be "insignificant."

Proponents counter that most testing for oil beneath the ocean floor was done a generation ago.

"Until we can go out there and look," says Paul Hillegeist of Quest Offshore Resources, a consulting firm, "no one knows what's going on."

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