# HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** HM 21 Energy Security
**SPONSOR(S):** McKeel and others
**TIED BILLS:** None. **IDEN./SIM. BILLS:** SM 504

| | REFERENCE | ACTION | ANALYST | STAFF DIRECTOR |
|---|---|---|---|---|
| 1) | Energy & Utilities Policy Committee | | Blalock | Collins |
| 2) | General Government Policy Council | | | |
| 3) | Rules & Calendar Council | | | |
| 4) | | | | |
| 5) | | | | |

## SUMMARY ANALYSIS


On December 20, 2006, the Gulf of Mexico Energy Security Act of 2006 (HR 6111) was signed into law by President George W. Bush. This law prohibits drilling in the Gulf of Mexico within 125 miles of the Florida coastline in the Eastern Planning Area and 100 miles from the Florida coastline in the Lease Area 181 of the Central Planning Area. Further, it prohibits drilling in all areas east of the Military Mission Line, as shown in Figure 1 below. This prohibition is set to expire on June 30, 2022, but it may be changed by federal legislation at any time.

On September 30, 2008, President George W. Bush signed a stop-gap funding bill, which partly lifted the legislative moratoria on oil and gas leasing on significant portions of the Outer Continental Shelf and the prohibition on the completion of regulations for commercial leasing of oil shale. Through the annual appropriations process, Congress had restricted such activities in approximately 85% of the OCS, including off the Atlantic and Pacific coasts as well as a small portion of the eastern Gulf of Mexico. In 2008, however, in the face of growing public support for OCS oil and gas development, Congress did not include the leasing prohibition in legislation funding federal government agencies and programs beyond September 30, 2008, the end of the fiscal year. However, the statutory ban established in 2006, as detailed above, is still in effect, therefore significant portions of the eastern Gulf of Mexico will not be available for leasing until 2022. These areas include mostly the areas of the Eastern Gulf of Mexico directly off the coast of Florida.

This memorial urges Congress to support the expiration and removal of the moratorium prohibiting exploration and production of domestic supplies of oil and natural gas in federal waters surrounding Florida, and to include Florida in revenue sharing resulting from the production of oil and natural gas in federal waters surrounding Florida.

This memorial does not appear to have a fiscal impact on state or local governments

## HOUSE PRINCIPLES

Members are encouraged to evaluate proposed legislation in light of the following guiding principles of the House of Representatives:

- Balance the state budget.
- Create a legal and regulatory environment that fosters economic growth and job creation.
- Lower the tax burden on families and businesses.
- Reverse or restrain the growth of government.
- Promote public safety.
- Promote educational accountability, excellence, and choice.
- Foster respect for the family and for innocent human life.
- Protect Florida's natural beauty.

## FULL ANALYSIS

## I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

**Present Situation**

The Outer Continental Shelf (OCS) consists of the submerged lands, subsoil, and seabed, lying between the seaward extent of the states' jurisdiction and the seaward extent of federal jurisdiction. Currently, the OCS supplies more than 25 percent of the country's natural gas production and more than 30 percent of total domestic oil production. The offshore areas of the United States contain the majority of future oil and gas resources. It is estimated that 60 percent of the oil and 59 percent of the gas yet to be discovered in the United States are located in the OCS.[1]

There are four separate regions of the OCS, including:

- The Gulf of Mexico OCS Region;
- The Atlantic OCS Region;
- The Pacific OCS Region; and
- The Alaskan OCS Region.

The Gulf of Mexico OCS Region is currently divided into three separate offshore drilling areas:

- The Western Planning Area;
- The Central Planning Area; and
- The Eastern Planning Area.

The Eastern Planning Area starts on the western coastline of Florida and extends west to a line that is approximately south of Pensacola, Florida into the Gulf.[2] Estimates suggest that 6.95 to 9.22 trillion cubic feet of natural gas and 1.57 to 2.78 billion barrels of oil and condensate are in the Eastern Planning Area.[3]

The federal government has retained its authority for the use of these regions, and, therefore, the Supremacy Clause of the United States Constitution prevents Florida from interfering with this prohibition.[4] The Supremacy Clause provides that "This Constitution, and the Laws of the United States which shall be

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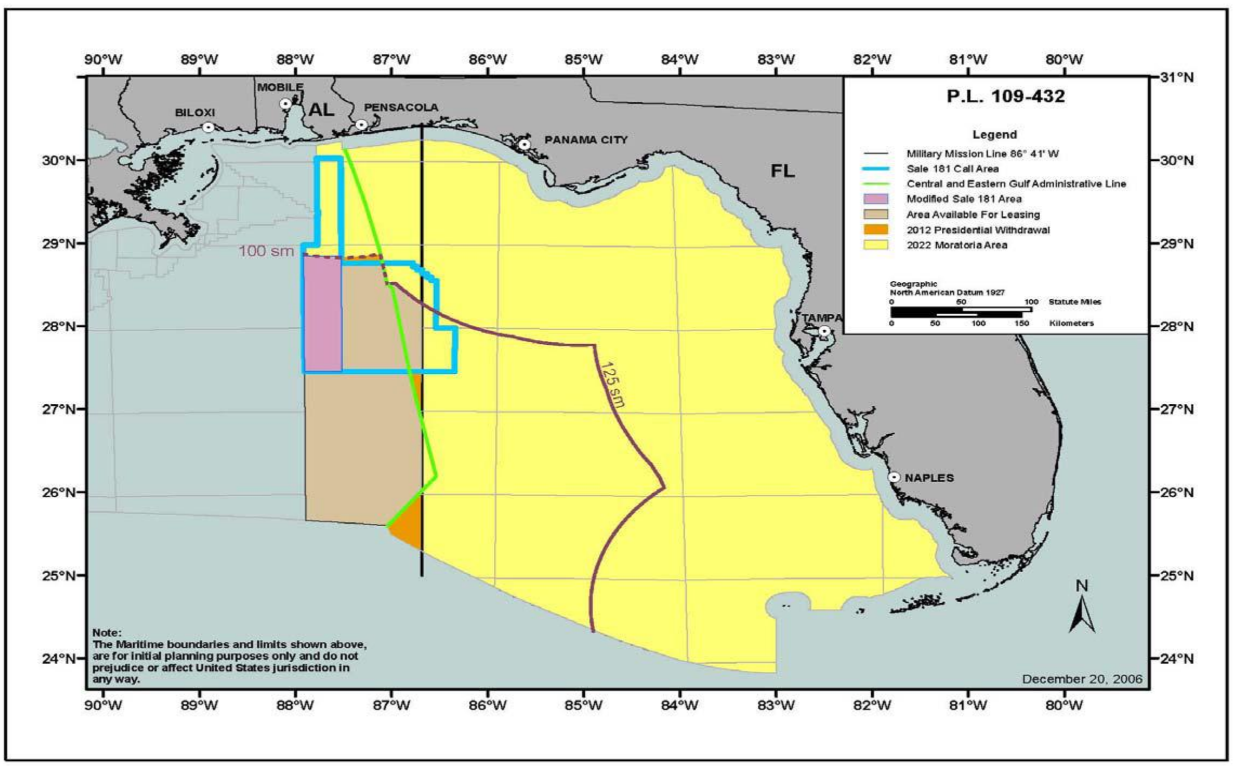
[1] http://www.mms.gov/offshore/
[2] See Figure 1.
[3] U.S. Department of the Interior, Minerals Management Service, ttp://www.gomr.mms.gov/homepg/offshore/egom/eastern.html.
[4] United States Constitution, Article VI, Section 2.

made in Pursuance thereof; and all Treaties made, or which shall be made, under the Authority of the United States, shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, any Thing in the Constitution or Laws of any State to the Contrary notwithstanding." Thus, Florida's authority to regulate offshore drilling in the Gulf of Mexico OCS Region is limited by the authority designated to it by Congress. Under current law, this means that Florida's authority to regulate waters in the Gulf of Mexico extends to approximately nine nautical miles.[5]

The Gulf of Mexico Energy Security Act of 2006 (HR 6111) was passed by the United States Congress and signed into law by President George W. Bush on December 20, 2006. This law opens up some areas of the western Gulf of Mexico to offshore drilling. However, partly because of the potential impact on environmentally sensitive areas along Florida's coastline, it also temporarily halts leasing for oil or natural gas drilling in any Gulf of Mexico region east of the Military Mission Line (86 degrees and 41 minutes W. longitude). Furthermore, it prohibits drilling in any region of the Eastern Planning Area within 125 miles of the Florida coast or any region that is within the Central Planning Area, Lease Area 181, and also within 100 miles of the Florida coastline.[6] The jurisdiction of the United States for the Gulf of Mexico extends from 200 miles up to a possible length of 350 miles offshore.[7] This prohibition is set to expire on June 30, 2022. Lease Area 181 is the closest active leasing region to Florida's coastline that is under the jurisdiction of the United States. Leases do currently exist in the Eastern Planning Area, but active drilling may only take place in those areas that are both 125 miles from seaward of Florida's coastline and west of the Military Mission Line.[8]

**Figure 1.**




In addition to the Congressional moratorium on offshore drilling in the eastern Gulf of Mexico, President George H.W. Bush, signed an executive order in 1990 establishing a moratorium on new oil and gas

[5] See *US v. Louisiana, et al*. 363 U.S. 1, 129 (1960).
[6] U.S. HR 6111. Also See Figure 1.
[7] U.S. Department of the Interior, Minerals Management Service, http://www.gomr.mms.gov/homepg/whoismms/whatsocs.html.
[8] See Figure 1.

leasing in the OCS. However, In July of 2008, in response to record breaking gas prices President George W. Bush lifted this presidential ban. Therefore, the Congressional moratorium is the only law in effect blocking the leasing of areas within the Eastern Gulf of Mexico off Florida's coastline for the purpose of drilling for oil and natural gas.

On September 30, 2008, President George W. Bush signed a stop-gap funding bill, which partly lifted the legislative moratoria on oil and gas leasing on significant portions of the Outer Continental Shelf and the prohibition on the completion of regulations for commercial leasing of oil shale. Through the annual appropriations process, Congress had restricted such activities in approximately 85% of the OCS, including off the Atlantic and Pacific coasts as well as a small portion of the eastern Gulf of Mexico. In 2008, however, in the face of growing public support for OCS oil and gas development, Congress did not include the leasing prohibition in legislation funding federal government agencies and programs beyond September 30, 2008, the end of the fiscal year. However, the statutory ban established in 2006, as detailed above, is still in effect, therefore significant portions of the eastern Gulf of Mexico will not be available for leasing until 2022. These areas include mostly the areas of the Eastern Gulf of Mexico directly off the coast of Florida.

**Effect of Proposed Memorial**

This memorial urges the Congress of the United States to support the expiration and removal of the moratoria prohibiting exploration and production of domestic supplies of oil and natural gas in federal waters surrounding Florida and to include Florida in revenue sharing resulting from the production of oil and natural gas in federal waters surrounding Florida. The memorial further directs that copies of this memorial be dispatched to the President of the United States, to the President of the United States Senate, to the Speaker of the United States House of Representatives, and to each member of the Florida delegation to the United States Congress.

B. SECTION DIRECTORY:

None.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

   None.

2. Expenditures:

   None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

   None.

2. Expenditures:

   None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

## III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. This bill does not appear to: require counties or municipalities to spend funds or take an action requiring the expenditure of funds; reduce the authority that counties or municipalities have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with counties or municipalities.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

## IV. AMENDMENTS/COUNCIL OR COMMITTEE SUBSTITUTE CHANGES