

STORAGE NAME: h0059s1a.rc

DATE: March 23, 2000

**HOUSE OF REPRESENTATIVES
AS FURTHER REVISED BY THE COMMITTEE ON
RULES AND CALENDAR
ANALYSIS**

BILL #: CS/HM 59

RELATING TO: Leasing under the Outer Continental Shelf Lands Act

SPONSOR(S): Committee on Environmental Protection; Representatives C. Green; Sorensen; Maygarden and Others

TIED BILL(S):

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

- (1) ENVIRONMENTAL PROTECTION YEAS 13 NAYS 2
- (2) JUDICIARY YEAS 7 NAYS 1
- (3) RULES AND CALENDAR YEAS 10 NAYS 3
- (4)
- (5)

I. SUMMARY:

In 1999, Representative Porter Goss, U.S. Congress, along with the other 22 members of the Florida Delegation to Congress, introduced House Resolution 33, which placed restrictions on leases for offshore drilling. More specifically, House Resolution 33 provides that the Secretary of the Interior shall not conduct any preleasing activities, sell any leases, or approve any permits for the exploration, production, or drilling of oil and gas under the Outer Continental Shelf (OCS) unless certain environmental studies are completed which show that there is a minimum level of uncertainty associated with such drilling activities. This condition applies to all federal offshore leases in the Eastern Gulf of Mexico, Straits of Florida, and South Atlantic Planning Areas. Florida does not have jurisdiction over these leases.

CS/HM 59 urges Congress to pass H.R. 33 as introduced by Representative Goss and 22 other members of the Florida Delegation to Congress and further states that adequate scientific and environmental research is necessary prior to leasing federal land for exploration, production, or drilling of oil and gas. This protection is requested to conserve Florida's natural resources and minimize the uncertainty of the effects of offshore drilling on Florida's coastal regions.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- | | | | |
|-----------------------------------|------------------------------|-----------------------------|---|
| 1. <u>Less Government</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. <u>Lower Taxes</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. <u>Individual Freedom</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. <u>Family Empowerment</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

B. PRESENT SITUATION:

The Outer Continental Shelf (OCS) is a seabed that extends beyond Florida's jurisdiction and into the deep ocean. Under current law, Florida's jurisdiction extends into the Gulf of Mexico and the Atlantic Ocean approximately 9 miles. Therefore, the OCS is under the jurisdiction and control of the United States, not the state of Florida. The term "outer continental shelf" is defined as "all submerged lands lying seaward and outside of the area of lands beneath navigable waters ... and of which the subsoil and seabed appertain to the United States and are subject to its jurisdiction and control." OCS Lands Act (43 U.S.C. 1331 (a)).

Congress divided the OCS into four regions: Gulf of Mexico, Atlantic, Pacific, and Alaskan regions. The Eastern Gulf of Mexico Planning Area extends along the coast from Alabama to the Florida Keys, around the eastern coast of Florida up to approximately Jacksonville. The South Atlantic region extends from the Jacksonville area up to North Carolina.

In 1953, Congress amended the OCS Lands Act (Act), 43 U.S.C. 1331, and directed the Department of the Interior (department) to govern and administer mineral exploration and development of the entire OCS. This Act empowers the department to grant leases to the highest qualified bidder on the basis of sealed competitive bids and formulate regulations to carry out the provisions of the Act. Additionally, the Act directs the department to:

- conserve the nation's natural resources;
- develop natural gas and oil reserves in an orderly and timely manner;
- make resources available to meet the energy needs of the country;
- balance resource development with human, marine, and coastal environments; and
- ensure the public a fair and equitable return on the resources of the OCS.

The department's Mineral Management Services (MMS) manages all of the federal offshore leases for the Gulf of Mexico and Atlantic regions. Prior to lease sales, MMS conducts environmental studies to protect the environment during offshore drilling operations. Currently, MMS is conducting studies in the Gulf of Mexico on coastal characterization; distribution and abundance of marine mammals; physical oceanography and chemical oceanography. The total costs spent on completed studies in the Gulf of Mexico is approximately \$20,465,276. The total cost for ongoing studies by MMS in the Gulf of Mexico is estimated at \$55,567,828.

Since the creation of MMS, the program has brought in over 10.4 billion barrels of domestic oil and 115 trillion cubic feet of gas, 97 percent of which comes from the Gulf of Mexico. It is

estimated that over 55,000 petroleum related workers are employed in the Gulf of Mexico offshore industry.

Drilling for natural gas and oil has occurred offshore Alabama and Florida for more than three decades. Currently, there are 146 active leases in the eastern Gulf of Mexico planning area. To date, 47 exploratory wells have been drilled in this planning area, thirteen of which contained natural gas, condensate, and crude oil. There are no active leases in the Straits of Florida Planning Area and there are approximately 7 leases in the South Atlantic Planning Area.

In 1997 and 1999, Representative Porter Goss, U.S. Congress, introduced House Resolutions 180 and 33, respectively. The House Resolutions provide that the Secretary of Interior shall not conduct any preleasing activities, sell any lease, or approve any permit for exploration, production, or drilling under the OCS unless certain environmental studies are completed which show that there is a minimum level of uncertainty associated with these drilling activities. The Resolution places restrictions on offshore drilling leases in the eastern Gulf of Mexico, Straits of Florida, and South Atlantic planning areas.

House Resolution 33 is currently in the subcommittee of Energy and Mineral Resources in the Federal House of Representatives.

C. EFFECT OF PROPOSED CHANGES:

CS/HM 59 does not affect Florida law. Instead, House Memorial 59 urges the U.S. Congress to pass Representative Goss' H.R. 33, thereby placing restrictions on federal offshore drilling leases.

H.R. 33 adds an additional layer of studies/assessments and peer review to be conducted prior to leasing activities. (As opposed to current studies which take place and are ongoing even after the lease has been sold). H.R. 33 provides that the Secretary of the Interior shall not conduct any preleasing activities, sell any lease or approve any permit for exploration, production or drilling under the Outer Continental Shelf (OCS) unless the following environmental assessments are completed:

Assessments for the Eastern Gulf of Mexico area, include:

1. An assessment of historical, social and economic impacts on the Gulf Coast Communities to be conducted by MMS;
2. The Northeastern Gulf of Mexico Marine Ecosystem Study to be conducted by the National Biological Survey;
3. Additional physical oceanography studies identified by the Northeast Gulf of Mexico Physical Oceanography Workshop and conducted by MMS and Florida State University;
4. Any additional studies needed to acquire information where the National Research Council found the information to be inadequate;
5. Any additional physical oceanographic, ecological or socioeconomic study, or endangered or threatened species studies as requested by the Governor of Florida or the Joint Task Force to minimize uncertainty about the drilling activities.

Assessments for the Straits of Florida area, include:

1. An assessment of historical, social and economic impacts on the Gulf Coast Communities to be conducted by MMS;
2. Any additional physical oceanographic, ecological or socioeconomic study, or endangered or threatened species studies as requested by the Governor of Florida or the Joint Task Force to minimize uncertainty about the drilling activities.

Assessments for the Atlantic area, include:

1. Any additional physical oceanographic, ecological or socioeconomic study, or endangered or threatened species studies as requested by the Governor of Florida or the Joint Task Force to minimize uncertainty about the drilling activities.

H.R. 33 also creates a Joint Federal-State Outer Continental Shelf Task Force for the purpose of carrying out the duties of the task force as assigned under this bill. The eight members of the task force are to be comprised of:

- one representative from each of the following: EPA, MMS, the National Oceanic and Atmospheric Administration and the U.S. Fish and Wildlife Service.
- four representatives from the state of Florida appointed by the Secretary of the Interior from a list provided by the Governor.
- three members appointed by the Secretary of Commerce from a list nominated by the National Academy of Sciences.

These members are to be compensated at a rate to be set by the Secretary of Commerce.

Lastly, H.R. 33 appropriates \$3,000,000 to the Secretary of Interior for FY 1999 thru 2004, to carry out the purposes in this Act.

D. SECTION-BY-SECTION ANALYSIS:

N/A

III. 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.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

None.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

None.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

None.

V. COMMENTS:

Opponents of House Memorial 59 state that there should not be restrictions placed on offshore drilling leases since federal offshore drilling provides natural gas to Florida and the nation, and also produces revenue for the state and federal government.

Proponents of House Memorial 59 contend that federal offshore drilling should be prohibited until a comprehensive study measures historical, social and economic impacts of the outer shelf development on the gulf coast communities. Proponents of this memorial further contend that federal offshore drilling leases should be restricted since it opens an opportunity for spills and contamination in our Gulf, beaches, estuaries, and overall environment, and eventually may reduce Florida's tourism economy.

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A. CONSTITUTIONAL ISSUES:

N/A

B. RULE-MAKING AUTHORITY:

N/A

C. OTHER COMMENTS:

This bill does not raise any issues of concern for the Judiciary Committee.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

On October 6, 1999, the Committee on Environmental Protection passed a Committee Substitute which provides that along with Representative Porter Goss, 22 members of the Florida Delegation to Congress (instead of the previous 11 members) introduced House Resolution 33.

VII. SIGNATURES:

COMMITTEE ON ENVIRONMENTAL PROTECTION:

Prepared by:

Christine Hoke

Staff Director:

Wayne S. Kiger

AS REVISED BY THE COMMITTEE ON JUDICIARY:

Prepared by:

Michael Poche'

Staff Director:

P.K. Jameson

AS FURTHER REVISED BY THE COMMITTEE ON RULES AND CALENDAR:

Prepared by:

Christine Hoke/Jill F. Turman

Staff Director:

R. Philip Twogood, Ph.D.