

## Q&A: Questions answered about Florida's offshore drilling issue

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The Florida Legislature will consider a proposal to allow oil and natural gas drilling in state waters.

Although a bill to do just that passed the Florida House in spring 2009, the Senate did not even vote on the legislation. That scenario could play out again in 2010 as the Senate's president has indicated a go-slow process.

But the two men who will preside over the House and Senate after 2010 are ardent proponents of the idea, so the debate will continue and a vote is likely.

What's it all about? Here are some questions and answers.

**Question:** Where are they going to drill?

**Answer:** Florida only can control activities in state waters, from the coast to just more than 10 miles out. The proposal to drill is only for Gulf of Mexico waters, in a band between 3 and 10 miles from shore.

**Q:** Will drilling platforms be visible from the beach?

**A:** That's a qualified yes. Proponents say submersible equipment can be used to pump oil and gas once a well has been drilled, so structures only would be visible during initial drilling.

**Q:** Why not just go farther offshore?

**A:** Florida controls waters up to 10 miles from the coast. Beyond that, the U.S. government controls drilling leases. Currently, there is a 125-mile buffer around Florida where drilling is prohibited, in addition to no drilling allowed east of a line that runs due south from roughly Destin. That's a line to protect military-training flight paths.

**Q:** Won't drilling in Florida's waters endanger those military missions?

**A:** Proponents say the submersible technology will minimize any disruption. Military officials say it will have an effect but shy away from direct opposition. Some communities throughout Florida's huge military installations, and many of the various chambers of commerce, oppose drilling.

**Q:** Will there be tar balls on the beach?

**A:** Proponents say the risk of spills has been minimized by the industry and most oil in the water comes from natural "seeps" where petroleum leaks out from the sea floor. Opponents say that is ridiculous and oil-well spills are not the only danger. They say pollution from the drilling process and trash from the platforms, spills from collisions of tanker ships and leaking pipelines are all dangers.

**Q:** Won't hurricanes knock these things out?

**A:** The spills during hurricanes Katrina and Rita from platforms in the gulf were minimal and showed the improvement of technology. There was significant pollution during those storms, but it came from on-shore storage facilities.

**Q:** Will there be refineries and tanks on land in Florida?

**A:** Proponents say no, that pipelines and ships would carry natural gas and oil to refineries elsewhere. There would be increased traffic in the gulf, if only to supply operations.

**Q:** I'm out of work. Why wouldn't they approve something to create good-paying jobs?

**A:** Proponents have commissioned studies that project, under different scenarios, that drilling could create tens of thousands of high-wage jobs. But those are studies on paper. They depend, first, on there actually being oil and natural gas in Florida waters. Opponents also suggest the jobs require specialized skills and would attract trained workers from out of state, not current Floridians. Furthermore, actual drilling operations are, at best, years away. No one is hiring now.

**Q:** Won't drilling bring a lot of money to the state? Without raising my taxes?

**A:** Proponents again trot out studies they have commissioned that say allowing drilling could mean upwards of \$1.5 billion a year in state revenue. Revenue in the form of lease payments and royalties would be money for the state to spend on health care, roads and education, for example, that would not come from increased taxes. That assumes, of course, that there is something out there to extract. Opponents challenge the rosy numbers even if oil or gas is found.

**Q:** Is there oil or natural gas out there?

**A:** History says no. A single company held leases off Florida's coast from 1947 to 1998 and never made a significant find. Intuition says yes. A look at maps that show producing wells in the gulf in waters where drilling is allowed show trends that would indicate there likely is something out there, if only because there is drilling nearby. The real answer is no one knows. But industry experts and those in the know highly suspect there is significant natural gas in Florida waters.

**Q:** How much money could Florida get?

**A:** It depends on the details of any bill that eventually would pass. The version approved by the House in 2009 called for non-refundable application fees and set royalties to be paid to the state at one-eighth.

**Q:** How many jobs are we talking about?

**A:** If there is no oil or gas out there, zip. If there is petroleum in Florida waters, it could be plenty. Proponents commissioned an analysis that predicts up to 30,000 extraction jobs under the sunniest scenarios. Even if there is oil and gas, jobs will not show up for years.

**Q:** I'm tired of thinking \$2.75 for a gallon of gas is cheap — compared to the \$3.50 or \$4 I've paid in recent years. Would drilling for oil in Florida waters bring down the price of gasoline at the pump?

**A:** Proponents say just opening up Florida waters to exploration would act in the marketplace to bring prices down at the pump. It is a complex economic model, and opponents say any effect would be years away. Proponents officially have backed off any promises of changing gasoline prices, but it still is part of the allure to those who support the proposal. The price of gasoline depends on many factors, supply being only one of them. Production in the Gulf of Mexico constitutes about a quarter of domestic U.S. production. The U.S. uses so much energy, more than half comes from international sources.

**Q:** Would foreign companies be allowed to drill in Florida waters?

**A:** Proponents say they would require companies bidding to drill be homegrown. It is a complex question, though, in a global economy. Almost all drilling operations — they are very expensive — are undertaken by consortiums that include international interests. A company based in the U.S., headed by American executives, could meet any ownership requirements and still be funded by overseas investors.

**Q:** What would happen if there is a spill?

**A:** The legislation last spring included requirements that applicants to lease for drilling also post a surety bond of \$1 billion or a “calculated cost estimate” based on “reasonable foreseeable accidents.” Opponents say that is not enough and economic damage caused by a spill could be much more.

**Q:** Why would Florida endanger established parts of the state's economy — tourism, coastal real estate development and the military — for the unknowns of drilling?

**A:** This is the crux of the debate. Everything is a compromise. Proponents say it is worth it. Opponents say it is not.