

**Testimony of Frank Jackalone
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Presented to the U.S. Commission on Ocean Policy

February 22, 2002 St. Petersburg, Florida

Introduction

My name is Frank Jackalone and I am Senior Regional Representative and Florida Staff Director at the Sierra Club's Southeast Region Field Office located in St. Petersburg, Florida.

The Sierra Club works closely with Environmental Defense, U.S. Public Interest Research Group and Gulf Coast Environmental Defense in our efforts to educate the public and decision-makers about the harms of drilling in the Gulf of Mexico. Much of my testimony today derives directly from research and analysis prepared by our allied organizations.

I will cover 5 issues today:

- 1) Ecological effects of offshore drilling in the Gulf of Mexico
- 2) Economic effects of offshore drilling in the Gulf of Mexico on Florida's economy.
- 3) The importance of the federal consistency provisions.
- 4) Chevron's application to drill at Destin Dome.
- 5) Energy security versus oil dependency.

1) Ecological effects of increased drilling

Offshore drilling threatens to devastate a unique and pristine marine environment, to disrupt the delicate balance of a vulnerable coastal ecosystem, and to despoil forever one of the great scenic coastlines in the world. Offshore drilling is inherently dirty, and offshore rigs produce substantial "routine" pollution, including discharging thousands of tons of toxic drilling fluids, cuttings, and "produced waters" directly to the marine environment; generating large volumes of polluting air emissions; bringing to the surface and releasing naturally occurring radioactive materials. Increased offshore drilling also increases the possibility of catastrophic spills including rig blow-outs, pipeline ruptures, and tanker accidents.

Marine life is particularly endangered, given the dredging of the sea floor for pipelines, routine rig pollution, oil dispersants, debris and the explosive removal of rigs. Furthermore, the "taking" (killing) of marine life is allowed by the federal government during gas and oil drilling, and many types of marine mammals are negatively affected, including dolphins and manatees. Chronic effects may occur in fish with long term exposures, including smothering, barium toxicity, and interruption of filter feeding patterns. Endangered sea turtles are rendered infertile upon contact with weathered oil, yet none of the studies to date address these impacts.

Some of the specific harms to the Gulf of Mexico ecology include:

- Offshore drilling activities lead to the destruction of coastal wetlands. In Louisiana, where oil and gas development has been conducted for 50 years, close to 62 square miles of wetlands are lost each year.
- "Routine" offshore drilling operations dump thousands of pounds of drilling muds into the ocean -- muds that contain toxic heavy metals such as lead, chromium and mercury.
- A single production platform, which can drill 50-100 wells, discharges over 90,000 metric tons of drilling fluid and metal cuttings into the ocean.
- A single exploratory dumps approximately 25,000 pounds of toxic metals into the ocean.
- Spills under 1,000 barrels make up 97% of all spills, yet are not required to be reported in the federal Oil Spill Risk Analysis.

A major spill may also occur nearshore or inshore as a result of vessel/base support activity, and could rapidly foul and adversely affect sensitive coastal ecosystems

Routine pollution from offshore drilling rigs shows up in the form of drilling muds and cuttings, produced waters, workover fluids, deck drainage, air emissions from the rig machinery and support vessels, as well as large amounts of trash.

- Muds and Cuttings. In the drilling process, toxic chemicals are used to lubricate the drill bit as it grinds through the hard rock layer of the outer continental shelf. These lubricants mix with rock, mud, and naturally occurring radioactive materials to form a toxic soup which extends at least a thousand meters from the rigs.
- According to the EPA, drilling muds, cuttings and produced waters contains: arsenic, lead, mercury, cadmium, barite, chrome lignosulfate, petroleum hydrocarbons, vanadium, copper, aluminum, chromium, zinc, polynuclear aromatic hydrocarbons, radionuclides, and other heavy metals.
- According to the EPA, these chemicals can impact an area for up to forty years, have a direct impact on marine water quality, are capable of harming bottom dwelling organisms, and may cause negative impacts throughout the region, including changes in the abundance richness and diversity of marine life from physical and toxic effects.

- Workover fluids contain oil and grease, naphthalene, ethylbenzene, toluene and zinc, but there are restrictions ONLY on dumping the oil and grease.
- Deck drainage of oil, grease, drilling fluids, ethylene, lubricants, fuels, biocides, surfacants, detergents, corrosion inhibitors, cleaning solvents, bleach, dispersants, coagulants and other chemicals also causes harmful environmental effects.
- Approximately 8,000 square feet per well may be covered by up to a meter thick of drilling waste which can persist in the environment for at least two years. Short of a hurricane to winnow the mud, it will persist up to forty years.
- Around Chevron's exploratory well, inspectors found that more than three acres of bottom was covered with debris, including shovels, bags, pipes, tubing, hose, and more

2. Economic effects of increased drilling

Offshore drilling is a high-pollution business that is clearly not compatible with Florida's unique and fragile coastal environment, nor its tourism and fishing based economy. The only federal law which allows a state to protect itself from detrimental OCS (Outer Continental Shelf) development is the federal Coastal Zone Management Act. Under this law, each state has the ability to deny approval of offshore related activities along their coast.

The entire state of Florida has been united in efforts to ban drilling; it was thus, no surprise when Governor Chiles denied Chevron's plan to begin drilling 25 miles from Pensacola beach on February 19, 1998. Current Governor Jeb Bush has also officially announced his opposition to Chevron's drilling plans and the Bush administration has adamantly reaffirmed the state of Florida's denial of Chevron's proposed drilling operation.

Any such damage to the Florida coast would also have disastrous consequences for an economy dependent upon tourism, fishing, and water recreation. A number of Panhandle beaches are ranked in the top 10 U.S. beaches, and many of visitors to these beaches are fleeing the spoiled beaches of Louisiana and Texas. Florida's tourism industry generates \$91.4 million per day in Florida and the commercial fishing industry \$5-6 billion a year. In comparison, less than 1% of drilling jobs will go to Floridians, and virtually no income will be generated for the state. According to the MMS, fisheries can be expected to close down for two seasons after drilling begins, and longer in the event of an accident.

Northwest Florida's Economy: Tourism, Jobs, Fisheries

Northwest Florida's tourism economy will be undermined by rigs visible from shore, environmental problems, support craft in nearshore waters and skies, pipeline dredging, possible onshore support facilities, and a reputation as a rig town.

- Panhandle beaches are ranked in the top 12 U.S. beaches, and many of our visitors are fleeing the spoiled beaches of Louisiana and Texas.

- The Minerals Management Service Environmental Impact Statement for offshore drilling in our region states that only 1% of drilling jobs will go to Floridians. Such jobs are short term, and will likely go to experienced workers from nearby offshore states.
- According to the MMS, fisheries can be expected to close down for two seasons after drilling begins, and longer in the event of an accident.
- 46% of U.S. wetlands and estuaries important to fish resources are in the Gulf of Mexico. Fish can be negatively impacted by chemical toxicity, physical irritations, and damage to gills by mud particles. Contaminants were found in sport fish collected for EPA studies near platforms.

3. Consistency Provisions

Federal Consistency is a vital part of the federal/state partnership in sound coastal management. Under the Coastal Zone Management Act of 1972, once a state CZM program receives federal approval, the federal government will cooperate with the state to ensure that federal activities are consistent with the objectives of the state CZM program. This has provided a major incentive for states to join the Coastal Zone Management Program.

Federal consistency is a negotiation process which works very well. Federal consistency provides a state with the opportunity to cooperate, consult and negotiate with the federal government on federal activities which affect a state's coastal zone. Through this process, conflicts between the federal government and states are almost always resolved without litigation.

The purpose of federal consistency is to provide a formal consultation channel and negotiation process to avoid and resolve potential federal/state conflicts affecting state coastal zones. Federal consistency provides for EARLY consultation between the parties. Where differences arise, it offers conflict resolution procedures by way of informal discussion and administrative appeal to the Secretary of Commerce. Though a state can negotiate with a federal agency, IT IS THE SECRETARY OF COMMERCE NOT THE STATE THAT DECIDES WHETHER A PROPOSED ACTIVITY IS CONSISTENT WITH A STATE COASTAL PROGRAM.

Federal consistency is more than just a procedural dictate. It is a method of ensuring greater protection of coastal resources through the coastal management policies of states and territories by assisting state in managing coastal uses, conflicts, and resources. In addition, the scope of the federal consistency "effects test" can help protect entire ecosystems as well as individual resources and uses. The "effects test" is that a federal action is subject to federal consistency if the action is reasonably likely to affect any land or water use or natural resource of the coastal zone. For example, if an activity is occurring outside the coastal zone

(e.g. outside a coastal state's territorial waters or inland coastal zone boundary, but will affect coastal water quality, habitat, wetlands) and that activity has some form of federal action, then it is potentially subject to the federal consistency requirement and state coastal management policies.

Congress reaffirmed its intention to give coastal states this mechanism for resolving disputes by adding language in 1990 to CZMA that eliminates any "categorical exemptions" from CZMA review. The amendments to section 307(c)(1) were intended to leave no doubt that all federal agency activities meeting the "effects" standard are subject to the CZMA consistency requirement as a matter of law; the "uniform threshold standard" requires a factual determination, based on the effects of such activities on the coastal zone, to be applied on a case by case basis.

It is unthinkable that the spirit and process of this partnership approach be tampered with.

4. Chevron drilling at Destin Dome

In February 1998, the state of Florida rejected Chevron's plan to build the first ever production oil and gas drilling operation just 25 miles off Florida's panhandle coast. The state concluded that offshore drilling is inconsistent with Florida's plan for managing its coastal natural resources. Current Governor Jeb Bush has also officially announced his opposition to Chevron's drilling plans and the Bush administration has adamantly reaffirmed the state of Florida's denial of Chevron's proposed drilling operation

Chevron disagrees. Despite the overwhelming opposition of Florida's citizens the California based multinational has appealed the decision to the U.S. Department of Commerce.

Chevrons recent track record: oil spills, offshore drilling pollution, and illegal water pollution.

In May, 1999, a Chevron owned tanker about a mile offshore spilled 110,000 gallons of fuel oil 30 miles south of San Diego, CA. The leak was the result of a pipeline failure between the Chevron ship and an onshore storage facility.⁴¹

On October 15, 1998, Chevron was ordered to pay \$540,000 for violations of the Clean Water Act at its refinery in Richard, California. Chevron had violated wastewater permits by routing wastewater around treatment facilities, failed to file proper reports and exceeded toxicity limits.⁴⁰

On October 4, 1998, the underwater Chevron-operated South Pass 49 pipeline leaked more than 3,000 gallons of oil into the Gulf of Mexico.

In 1997, residents of Kennedy Heights, a primarily black neighborhood in Houston, Texas, sued Chevron for contaminating their drinking water and causing wide-spread illness. Chevron allegedly left behind oil, sludge, and carcinogenic chemicals. The contaminants (which include known carcinogens), are claimed to be the cause of many of the residents' illnesses, including high rates of cancer, lupus and other diseases.

In March 1997, Chevron was assessed a \$1.2 million fine for operating an oil well off of the Ventura, California, coast with a broken anti-blowout valve, described by authorities as a key pollution prevention feature. The penalty represents the largest fine in history for violations of the federal Outer Continental Shelf Lands Act, eclipsing a \$1 million penalty against Chevron in 1970 for safety violations in the Gulf of Mexico.

Even though Chevron states that it is drilling only for natural gas, there can be no assurance that oil pockets will not be encountered en route to the deeper layers that compress natural gas.

5. Energy security versus oil dependency

The only route to true national security through energy independence is breaking the fossil fuel industry's strangle hold on renewable energy research and development, and making use of the many available sources of non-polluting, decentralized, natural energy.

- Japan and Saudi Arabia are home to the world's largest solar power production plants, while the U.S. shelves solar energy patents and refuses to fund the solar power research and development that would bring down prices and allow for mass access to the equipment. The real national security issue is whether the United States will be forced to depend on Japan and Saudi Arabia for solar technology when the small U.S. reserve of fossil fuels is depleted.
- The oil industry is subsidized through royalty relief granted by the Minerals Management Service; "externalizing costs" of environmental protection and cleanup to the taxpayers; and promotional activities by the Minerals Management Service funded through your tax dollars.
- The U.S. contains only 5% of the world's fossil fuel reserves, and can therefore never be energy independent as long as we rely on fossil fuels. Federal estimates of available oil and gas resources in the Eastern Gulf of Mexico off Florida's Gulf coast amount to only about 21/2 months worth of U.S. consumption. Additionally, refining and burning natural gas, while less environmentally destructive than using other fossil fuels as an energy source, nonetheless leads to major wetlands losses, produces vast amounts of hazardous air emissions, and generates numerous other types of serious environmental destruction. The Gulf of Mexico holds only a thirty day supply of natural gas, at our country's current rate of consumption.