



NEWS

U.S. Department of the Interior

Office of the Secretary
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Interior and Louisiana Agree to Settle Lawsuit On Outer Continental Shelf Oil and Natural Gas Leasing

WASHINGTON, D.C. – The U.S. Department of the Interior today announced that the State of Louisiana has agreed to dismiss its current lawsuit against the United States regarding oil and natural gas leasing in federal waters off the coast of Louisiana. The court must approve this settlement agreement.

The State of Louisiana had filed suit challenging Interior's Western Gulf of Mexico Lease Sale 200, charging the sale was improperly conducted without a thorough environmental analysis.

"Resolving this dispute by agreement rather than litigation benefits our nation's energy security by assuring we can move ahead on the leases issued in Lease Sale 200," said Steve Allred, Interior's Assistant Secretary for Land and Minerals Management. "The agreement also sets the next five-year lease program on the right track."

Lease Sale 200 garnered \$340,935,514 in high bids from 62 companies for parcels on the Outer Continental Shelf (OCS). This level of activity underscores the Gulf of Mexico's importance to domestic energy production and the oil and gas industry's interest in expanding its deepwater operations. Development of these leases could result in the production of between 136 and 252 million barrels of oil and 0.810 and 1.440 trillion cubic feet of natural gas.

Under the agreement, Louisiana forgoes any challenge to Interior issuing leases to companies for the OCS parcels they acquired rights to develop under Lease Sale 200, which was held in August, 2006. Louisiana also forgoes any challenge under the National Environmental Policy Act (NEPA) to Interior's approval of exploration plans for the Lease Sale 200 parcels, provided Interior has completed an environmental assessment during a period of time specified in the agreement.

Louisiana has provided the federal government with a list of Louisiana's enforceable Coastal Zone Management Act policies. This step should prevent future disputes about consistency between Louisiana's coastal resource program and Interior's future OCS lease sales.

Interior will continue the preparation and completion of a NEPA Environmental Impact Statement for the 11 sales planned in the Gulf of Mexico during the next 5-year OCS leasing program (2007-2012). This review will take into account the impact of Hurricanes Katrina and Rita on Louisiana's wetlands and infrastructure.

Under the settlement, Interior will not offer new leases in the Gulf of Mexico off the coast of Louisiana before it issues the Record of Decision on the Environmental Impact Statement.

The Departments of Justice and Interior, the State of Louisiana and the American Petroleum Institute have agreed to the final terms of this settlement. All parties to the agreement must submit their settlement agreement for approval to the District Court for the Eastern District of Louisiana in New Orleans.

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