

# OFFSHORE DRILLING

## energy

## Worth the Risk?

### Statement of the Issue

Our Virginia coasts and marine waters provide the economic lifeblood for numerous tourism and fishing communities and military operations, generating billions of dollars and supporting millions of jobs. Although future federal offshore drilling policy is unsettled, the risk to Virginia's coastal economy from offshore drilling outweighs perceived benefits. The unlikelihood that the state would receive royalties from drilling in the foreseeable future magnifies the risk for Virginia taxpayers.

### Background

In 1981, Congress protected America's coasts, beaches, and marine ecosystems from the threats of oil and gas development by adopting the Outer Continental Shelf (OCS) Moratorium. For almost 30 years, congress and successive presidents recognized the value of America's coasts and maintained the ban on new drilling off the Atlantic and Pacific coasts. On October 1, 2008, the federal moratorium expired.

The Minerals Management Service (MMS) of the U.S. Department of Interior is in the process of considering a lease-sale of lands off the Virginia Coast for the purpose of oil and gas exploration and eventual production. The sale was first listed in the last five year plan. In January 2009, public responses to the notice of information were received and a general scoping for an environmental impact statement will soon be issued.

Currently, the Department is also updating its five-year plan for 2010–2015 under the Outer Continental Shelf Land Act (OCSLA).

While Virginia has stated its support for gas exploration only, the MMS authorizes lease-sale for both oil and gas together. In the past, Vir-

ginia legislators and others have discussed the possibility of the commonwealth receiving revenue from the lease-sale, but Congress has recently rejected legislation that would allow states to share in the revenue and this is unlikely to change in the foreseeable future.

### *The Risk to Virginia's coastal economy*

There is risk to Virginia's tourism industry which in 2008 brought in over \$19.2 billion in revenue (including \$1.28 billion in state and local tax revenue) and supplies 210,620 jobs. Were an oil spill to hit the state's beaches, it would have major economic repercussions.

Additionally, offshore oil and gas operations have detrimental effects onshore. These operations require refineries and other processing facilities, miles of pipelines, roads, storage facilities, and tankers to be built near offshore rigs, threatening our beaches, wetlands, and coastal areas.

Current drilling projects in the Gulf of Mexico have destroyed more wetlands than exist between New Jersey and Maine. Coastal wetlands absorb storm energy, thereby reducing hurricane costs. They also provide habitats supporting diverse wildlife and aquatic life that in turn supports valuable game and commercial fisheries. Offshore drilling, including exploration for natural gas, results in an average of 180,000 gallons per well of waste mud containing toxic metals such as mercury, arsenic and lead dumped into surrounding waters every day, putting additional strain on the already troubled Chesapeake Bay.

Virginia's fishing industry in 2005 generated \$1.23 billion in output sales, \$717.4 million in value-added income, and 13,015 jobs. If commercial fishing is damaged by chronic or catastrophic

# Recommendations: Offshore Drilling

We cannot drill our way out of recession, and we cannot drill our way to a sustainable energy future. Drilling prolongs and expands dependence on fossil fuels, thus it threatens Hampton Roads twice: with oil spills and with sea-level rise due to climate change. Virginia needs to explore alternatives that will meet our energy needs while decreasing our reliance on fossil fuels.

The administration and the General Assembly should oppose drilling for oil and gas in the Atlantic off the Virginia coast and oppose any legislation that seeks to open the area for exploration or drilling. The state should put in place a moratorium to protect Virginia coasts from the potential dangers of this kind of oil and gas drilling.

offshore spills and pollution, the economic damage will be large.

Virginia is likely to witness powerful hurricanes over the coming decades, which would threaten the integrity of offshore drilling infrastructure. While Virginia is not prone to the same scale of hurricanes as hit the Gulf Coast, it should be noted that the U.S. Coast Guard reported that during Hurricanes Katrina and Rita roughly 9 million gallons of oil were spilled. The U.S. Mineral Management Services reported that as a result of Hurricanes Katrina and Rita, 113 platforms were destroyed and 457 pipelines were damaged.

The U.S. Navy maintains its opposition to offshore drilling. To protect and defend our nation, they must have unfettered access to the Virginia Capes Operating Area. These offshore waters are an area where there are daily military drops of missiles, submarines, ships firing guns, and decades of live ordinances existent. According to a recently released draft environmental impact statement, the Navy plans to increase its activities in this area. NASA also maintains its opposition to the MMS plan off Virginia.

## *Worth the Risk?*

The Atlantic OCS has significantly less recoverable oil and gas reserves than any other OCS region, with an estimated 3.82 billion barrels of oil and 36.99 trillion cubic feet of natural gas. At current rates of consumption, the entire Atlantic OCS would supply the U.S. with only 6 months worth of oil and 18 months worth of natural gas;

Virginia's offshore supply of oil and gas would last less than 7 and 18 days, respectively.

Meanwhile, four times more gas and oil is available in areas already open to drilling than in waters protected by the moratorium, and the industry is using only a fraction (18-20%) of what it already has access to. These unused areas could produce an additional 4.8 million barrels of oil and 44.7 billion cubic feet of natural gas each day, nearly double current domestic oil production.

The MMS proposal for oil and gas development on the Atlantic OCS harkens back to the Bush administration's "drill-only" approach and backtracks on the nation's goals of reducing dependence on fossil fuels, developing renewable energy technology and jobs, and reducing American carbon pollution.

## Contact

**Kay Slaughter**  
Senior Attorney  
Southern Environmental Law Center  
434.977.4090  
kslaughter@selcva.org