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NOVEMBER 22, 2009

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THE DRILLING DEBATE

Topic of exploring for oil, gas in gulf could come down to battle of environment vs. dollars

By PAUL FLEMMING
Gannett Florida Capital Bureau

TALLAHASSEE — On April 21, a tremor hit Florida's political landscape.

On that day, with less than two weeks left in a tense, budget-constrained legislative session,

INSIDE

- Drilling Q & A | A9
- Anatomy of a drilling rig | A8
- Regional collaboration drills for answers | A11

ON THE NET

Pat Rice, regional director of content, describes how and why this three-day series was conceived, in partnership with Gannett's Florida newspapers, at nwfdailynews.com.

Rep. Dean Cannon took the wraps off a then-startling proposal: An amendment offered by the Winter Park Republican would grant the state's Cabinet power to lease sovereign Florida waters — roughly between 3 and 10 miles off the coast — for oil and natural-gas exploration.

The impetus behind Cannon's proposal: the economic crisis gripping the state.

With more than 1 million people out of work statewide and gasoline prices as high as \$3.50 a gallon, legislators and voters were willing to pause to consider what

drilling might offer.

"It's being served up as the economy vs. the environment," said Sen. Garrett Richter, R-Naples. "I think we need to be always cautious of the environment, but right now, we need to do something to create more jobs, more revenue for the state of Florida."

Cannon's proposal passed the House 70-43 a week after it was introduced last spring. Senate

PLEASE SEE DRILLING DEBATE | A9

Oil & Water
FLORIDA EXPLORES DRILLING IN GULF

In this undated photo released by Transocean, the ultra-deepwater semi-submersible rig Deepwater Horizon, which drilled the Tiber well, is shown operating in the U.S. Gulf of Mexico.



AP

TODAY

Texas has drilling within sight of its gulf beaches. What's the experience there?

MONDAY

Dollars are at the root of the drilling question. What would drilling mean to Northwest Florida's massive military mission? Which candidates are benefiting from pro-drilling interests?

TUESDAY

How will the drilling proposal play out? Action expected in Tallahassee and Washington, D.C.

A year of woes for Ray Sansom

Nov. 18, 2008, swearing-in soon followed by media scrutiny, indictment

By TOM McLAUGHLIN

Northwest Florida Daily News
315-4435 | tomm@nwfdailynews.com

One year ago, at a ceremony celebrating Ray Sansom's swearing-in as speaker of the Florida House, Destin's favored son advised his fellow legislators to "live smart, think smart and make smart decisions."



RAY SANSOM

By the very next day, a decision Sansom had made — to accept a \$110,000 part-time job with Northwest Florida State College — had caught the attention of media around the state.

"I think the turning point for Ray came" that day, said state Sen. Don Gaetz, once a close confidant of Sansom. "I don't think folks in Northwest Florida understood that."

The hiring, which then-college president Bob Richburg had confidently told one college trustee "will be in the paper for a couple of days and it will blow over," made people start looking at Sansom's relationship, as a legislator, to the college.

The findings were eye-popping.

It quickly was revealed Sansom had managed to appropriate \$25.5 million in school construction funds for Northwest Florida State College during the 2007-08 budget cycle. It was a year in which the school was slated to get \$1 million.

Soon to follow were revelations that Sansom, Richburg and the Niceville college's board of trustees

PLEASE SEE SANSOM | A7

Environmentalists: Look at Texas to see what is coming

By JIM ASH

Gannett Florida Capital Bureau Chief

PORT ARANSAS, Texas — The wind blowing his white beard, Tony Amos stands on the deck of the University of Texas research station and smiles down at a group of elementary school students touring an artificial wetland.

Over his shoulder, 3 miles off Mustang Island, just past an industrial port teeming with tankers and crew boats, an oil rig dominates the horizon.

"You get used to it," he said. "After a while, you don't see them anymore."

This spring, the Florida Legislature will debate lifting a two-decade ban on oil and gas drilling in Florida waters, as close as 3 miles from shore.

Republican leaders face a massive collision with environmentalists who warn that Florida's beaches and a \$60 billion-a-year tourism industry hang in the balance.

Some leading academics say the Texas drilling experience has been one of tradeoffs, but they insist it is one in which offshore

drilling and the marine environment thrive side by side.

Amos, a retired researcher, has spent the past 30 years logging the trash and tar balls that wash up on Mustang Island. No big fan of drilling, Amos said his research, which includes more than 5,000 separate observations, indicates the industry has been improving.

But he has a warning.

"In the end, if Florida gets offshore drilling,

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OUR NEW QUESTION

Do you agree with the administration's decision to bring five terror suspects to New York and put them on trial in federal court?

ANSWER AT NWFDAILYNEWS.COM



WEATHER

Mostly cloudy with showers possible, especially during the morning.
High 70; low 55.
Gulf temp. 68 | B11



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DRILLING
DEBATE from page A1

President Jeff Atwater, R-North Palm Beach, then refused to take it up in the waning days of the session.

But get ready for more.

In 2010, the dynamic is set to repeat itself, with a willing House pressing a reluctant Senate to act.

And in 2011, with the two men who will preside over the House and Senate ardent proponents of drilling exploration, the issue is almost sure to be key.

‘Shooting craps’

A two-decade ban on drilling reflected conventional political wisdom: Floridians didn’t want drilling off their beaches. The Sunshine State’s pristine beaches and \$60 billion tourism industry were too precious to risk.

But public opinion has evolved, reflected in Gov. Charlie Crist’s 2008 pronouncement that drilling was worth considering.

“For a long time, people have said it’s outside the realm of possibility so we’re just not going to do it,” said Rep. Dave Murzin, R-Pensacola.

“But they’ve dangled the string of money, they have dangled the string of jobs, and there are some real possibilities. You look to the west of us, and you see income for the state, you see jobs being created.”

The idea also is being pressed forward by more than changing public opinion.

Florida Energy Associates LLC, a group of unidentified interests, has spent more than \$369,000 on lobbyists and political contributions pushing for drilling. Studies and presentations commissioned by the group and other proponents of drilling paint the possibility of billions in state revenue and tens of thousands of new jobs, all built on a premise that is unknown, but tantalizing.

Sen. Durell Peaden, a Crestview Republican, is among those who remain opposed.

“Drilling for oil in Florida is like shooting craps: a big gamble,” he said. “The benefits they’re promising might be 20 years down the road, might be 50 years down the road. They’re selling it as the solution to our problems right now.”

Peaden worked in research for Texaco in New Orleans before becoming a doctor and an opponent of drilling.

“I think there’s some public policy in Florida that shouldn’t be for sale,” he said.

2010 and beyond

Experts think it is likely there is oil and gas in Florida’s Gulf of Mexico waters, but no one knows.

Atwater has called for extensive study to answer details missing, or disputed, in the debate.

The 2010 regular legislative session is a little more than three months away, and his go-slow strategy is little more than a tactic in the annual stand-off between House and Senate priorities.

But the next presiding officers of the House and Senate, Speaker-designate Cannon and President-designate Mike Haridopolos of Merritt Island, are chief proponents of exploration.

That means no matter what happens in the coming legislative session — expanded gambling, high-speed rail and the state budget already are certain to eat up big chunks of time — the drilling debate will stay when they take over after the November 2010 elections.

Sen. Al Lawson, D-Tallahassee, whose district extends to Panama City, said coastal residents generally are opposed to drilling.

But in an election year, he said, many legislators can sell the argument of jobs and new revenue to their constituents rather than making more controversial and difficult tax and program decisions.

“This measure is being sold as a way to generate income for the state,” Lawson said. “Members seem to be afraid to do what we really need to do — to have meaningful tax reform to help stabilize the economy.”

Bill Cotterell contributed to this story.



JIM ASH | Florida Today

Visitors to Mustang Island and Padre Island National Seashore in recent years have found less trash and pollution on Texas Gulf beaches as regulation has tightened and the industry has improved its practices.

Questions and answers about gulf drilling

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

ENVIRONMENTALISTS from page A1

this is what you’ll see,” he said. “You will obviously get more debris on the beach. And you will have an increased risk of spills.”

Industry defenders like to point to studies that suggest that 62 percent of all the oil released into the environment comes from natural “seeps” oozing out of the ocean floor. Amos thinks otherwise.

He matches the decline he has seen in tar balls on Mustang Island to an international convention that banned tankers from flushing their ballast tanks offshore.

“Curiously,” he said, “the seeps stopped.”

Quenton Dokken, executive director of the Gulf of Mexico Foundation, is among scientists convinced offshore drilling does not pose a significant threat to the marine environment.

The foundation is a not-for-profit conservation group that sponsors and coordinates restoration and education programs for the U.S. Environmental Protection Agency as well as the National Oceanic and Atmospheric Administration. It receives hefty grants from industry giants, including Conoco Phillips, Shell Oil, British Petroleum and Marathon Oil.

Dokken describes his role as an environmental expert and advocate, part of a partnership with industry and government regulators working to set the highest standards in the world.

He has led research expeditions to measure the growth of the Flower Garden Banks, 42 square miles of coral-encrusted salt domes 110 miles off the Texas coast. The northernmost reef system in the continental United States is ringed by oil rigs, and it is flourishing, he said.

“Every time you dive out there, you surface, and there’s an oil rig,” he said. “That’s the great thing about the gulf. You have all of these resources that work together.”

At the Harte Research Institute, an arm of Texas A&M, Executive Director Larry McKinney agrees with Dokken about the threat from offshore drilling.

“From an environmental perspective, the risks are low,” McKinney said.

However, McKinney said as Louisiana begins to restore the coastal wetlands wiped out by Hurricane Katrina, officials are finding that offshore drilling and its network of submerged pipelines pose a significant problem.

The pipelines are hindering efforts to dredge offshore sand for restoration, McKinney said.

Environmentalists in Louisiana fought port expansions, complaining that the massive onshore storage facilities, and their miles of canals, destroyed valuable coastal wetlands.

There are other tradeoffs. Hurricanes

Rita and Katrina in 2005 knocked down 115 platforms. Between 8 million and 10 million gallons of oil were spilled, but less than 10 percent of that was offshore. The bulk came from storage facilities that were inundated by storm surge.

Studies by the industry trade group, the American Petroleum Institute, show that between 1998 and 2007, an average of 1,273 barrels of crude oil a year spilled from oil platforms. Another 2,614 barrels a year spilled from pipelines.

Although Florida’s drilling debate raises the specter of a major disaster, some studies suggest day-to-day operations are a more likely threat.

Above the surface, drilling rigs in the Gulf of Mexico pump out ozone-causing air pollution, including thousands of tons of nitrogen oxide and volatile organic compounds, the stuff that contributes to smog.

Below the surface, rig operators use drilling muds extracting both oil and natural gas, fluids that lubricate and cool the bit, seal the well and control pressure. Drilling muds often contain toxic chemicals such as barium, chromium and arsenic.

Oil-based drilling muds, the most toxic, have to be treated before they are dumped overboard. Water-based drilling muds don’t. Some wells can produce 500 to 1,500 barrels of drilling muds an hour for as long as three hours.

When wells are in production, they also pull up another pollution source called produced waters. The briny, subsurface liquids often contain dissolved metals, including vanadium, copper and arsenic.

Produced waters by far are the biggest source of pollution coming from wells, according to federal Minerals Management Service studies. They must be treated before they are dumped.

More than 30,000 wells have been drilled in the central and western gulf, and no studies document long-term or widespread effects to the environment from the drilling, according to a statement from the MMS.

Environmental groups cite studies that show the chemicals kill marine invertebrates near the rig sites and that drilling operations wipe out sea grasses.

Only last month, an 820-foot Russian tanker collided with a 166-foot lightering vessel some 46 miles southeast of Galveston, Texas. The tanker spilled 18,000 gallons of its own fuel but none of its cargo of heavy crude. The spill was not considered major: It occurred in an area where tankers that are too heavily laden to put into port routinely transfer thousands of barrels of cargo to smaller ships at sea.

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.

That same day, a blowout on an oil platform off the coast of Australia in the Timor Sea still was gushing 500 gallons of crude a day. Owners couldn’t stanch the flow for 10 weeks.

Environmentalists acknowledge that improved technology, including automatic shutoff valves, have lowered the risk of a major blowout from a rig.

But long-term residents of the South Texas Coast have a vivid memory of what a single accident can do.

Some still wince at the mention of Ixtoc 1. The exploratory rig, contracted by the Mexican government, blew out 600 miles south of Texas in the Bay of Campeche in June 1979. The disaster spewed 10,000 to 30,000 barrels of oil a day for 10 months. The rig collapsed on the well head and burst into flames, frustrating the capping efforts of even legendary oil well firefighter Red Adair.

The rig was owned by SEDCO, a company that belonged to then-Texas Gov. Bill Clements. It eventually spilled 3.3 million gallons of crude oil that drifted north and coated 200 miles of Texas beaches.

Individuals and tourism-related groups on South Padre Island filed a lawsuit claiming \$300 million worth of damage. A subsequent federal study estimated the area suffered up to \$4.44 million in lost tourism revenue.

Capt. Billy Sandifer, a Padre Island fishing guide and environmental activist, was sitting on the National Seashore toasting the end of a long day when the waves of “mousse” — water-churned crude oil — came rolling in.

Most of the oil that wasn’t cleaned from the beaches formed tar mats that still surface from time to time, Sandifer said. Fishing and tourism were wiped out for months, but officials say the long-term effects were minimal.

Sandifer is a local icon, a writer for Texas Saltwater Fishing Magazine and a salty-tongued Vietnam War veteran who doesn’t use printable words when he talks about Ixtoc and former Gov. Clements.

Sandifer has an uneasy relationship with offshore drilling. The platforms are prized by fishing guides. An avid birder, Sandifer also acknowledges that they serve as good resting platforms for migrating birds.

However, he worries that the platforms can be too attractive, which would make the rigs susceptible to overfishing.

With other environmental threats already looming, including global warming and pollution from coastal development, Sandifer said he doesn’t think Florida should add offshore drilling to the list.

“If it ain’t broke, don’t fix it,” he said.