Court Lifts Moratorium, Green Lights More Deepwater Drilling in the Gulf

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NEW ORLEANS , LA (rushPRnews) 06/23/10 — Decision Jeopardizes Safety for Short-term Oil Profits

Environmental groups expressed disappointment over a federal district court decision today to halt a six-month federal moratorium on new deepwater oil drilling in the Gulf of Mexico that would have allowed for safety reviews after the loss of life in the Deepwater Horizon explosion and ongoing deepwater oil spill damaging the Gulf Coast.

The court ruled that the government could not suspend operations on leased public tracts, even to prevent further injury and loss of life, without more clearly articulated reasons for doing so. The moratorium was put in place May 30 by the Obama administration, shutting down only 33 new deepwater operations less than one percent of the total wells in the Gulf according to news reports. Environmental groups said today's decision jeopardizes safety and the environment and risks a repeat of the tragic Deepwater Horizon explosion and more oil spills.

"In light of the ongoing catastrophe spreading across the Gulf, this lawsuit to

lift the federal drilling moratorium is reckless and shows a lack of respect to the people working to cleanup this mess and figure out what caused the situation in the first place," said David Pettit, senior attorney with NRDC. "Given we don't have those answers, to rush into drilling activities that have been shown to be loosely monitored at best would only expose the Gulf to unnecessary peril."

Oil industry groups led by Hornbeck Offshore Services challenged the six month moratorium in a lawsuit filed June 10, claiming it caused irreparable economic harm to its business servicing deepwater drilling in the Gulf. On June 17, the oil groups asked the court for a preliminary injunction to immediately stay the moratorium. Defenders of Wildlife, Earthjustice, Natural Resources Defense Council, Florida Wildlife Federation, Sierra Club, and the Southern Environmental Law Center then intervened to support the legal defense of the drilling moratorium.

"The tragic explosion, the unstopped gushing of oil, and resulting damage to fishing and tourism industries, cultures, wildlife and the whole Gulf Coast should be more than enough cause for pausing risky deepwater activities until safety and environmental protection is assured," said Catherine Wannamaker, senior attorney at the Southern Environmental Law Center who argued before the court on behalf of the environmental groups. "Unfortunately, today's court decision allows short-term profit for some to trump safety, lives, and the environmental health of the Gulf Coast upon which so many depend. Continuing the same business as usual approach to risky deepwater drilling that led to the loss of life and environmental disaster in the Gulf as if nothing had happened is outrageous."

After years of oil and gas companies skirting safety and environmental regulations leading up to the current oil disaster, a temporary pause by the government is necessary to bring oil companies back into compliance with existing regulations. A moratorium is also needed to consider development of new regulations and standards which may be needed to safeguard workers the environment, as well as other industries and wildlife.

Oil industry groups claimed that suspended wells had already been subject to a “rigorous MMS (Mineral Management Service) permitting process” and inspection, but investigations by conservation groups, the government, media and Congress all found evidence to the contrary. According to reports by the Inspector General, MMS is a regulatory agency compromised in its duties by conflicts of interest and riddled by scandal. MMS routinely granted “categorical exclusions” for deepwater wells, exempting them from a thorough examination of spill risks from exploratory drilling operations like the BP Deepwater Horizon.

Defenders of Wildlife and the Southern Environmental Law Center challenged the continuance of this practice following the explosion and spill. Conservation groups represented by Earthjustice are in court with a separate legal challenge to an April 2008 MMS document that told oil drillers they need not comply with federal laws requiring oil spill prevention plans and worst case scenario planning. Recent Congressional hearings have exposed that the major oil companies have the same inadequate and defective plans to prevent or respond to a deepwater spill as BP.

fishing boats in the Gulf

”It is astonishing that even as oil continues to spew into the Gulf of Mexico, oil companies are fighting the Obama administration’s reasonable and measured pause on offshore drilling,” said Jamie Rappaport Clark, executive vice president of Defenders of Wildlife. “We are extremely disappointed with today’s ruling but will continue to oppose the industry’s recklessness and disregard for American waters, natural resources and coastal communities.”

Complaints by Hornbeck Offshore Services that it suffered irreparable harm from the President’s moratorium were contradicted by its own statements to investors about its financial situation and business options in response to the moratorium. Speculative claims about what may or may not happen are clearly outweighed by the actual ongoing environmental harm in the Gulf and resulting devastation for the larger Gulf economy in terms of lost tourism and

harm to commercial and recreational fisheries.

According to Environmental Protection Agency estimates, the Gulf Coast tourism industry is worth approximately $20 billion per year and Gulf Coast fish, shellfish, shrimp and oysters have a value of about $1 billion per year. Recreational fisheries in Western Florida alone contributed $5.65 billion in sales to the regional economy as well as supporting 54,600 jobs, and the commercial seafood industry in Florida generated $5.7 billion in total sales and supported 108,600 jobs. Currently one third of the Gulf of Mexico is now closed to fishing because of one unstopped oil spill in deep waters. The spill is expected to continue through the summer with its harm lingering for years.

Oil industry workers will be compensated for any lost work during the six month moratorium by a $100 million fund established by BP for this purpose. This fund is in addition to the $20 billion fund to pay damage claims to thousands of fishermen and others along the Gulf Coast.

Judge Feldman decided Hornbeck Offshore Services, LLC v. Kenneth Salazar in the U.S. District Court for the Eastern District of Louisiana.

The Natural Resources Defense Council is a national, nonprofit organization of scientists, lawyers and environmental specialists dedicated to protecting public health and the environment. Founded in 1970, NRDC has 1.3 million members and online activists, served from offices in New York, Washington, Chicago, Los Angeles, San Francisco and Beijing.

About Defenders of Wildlife:Defenders of Wildlife is dedicated to the protection of all native animals and plants in their natural communities. With more than one million members and activists, Defenders of Wildlife is a leading advocate for innovative solutions to safeguard our wildlife heritage for generations to come. For more information, visit www.defenders.org.

About Earthjustice: Earthjustice (www.earthjustice.org) is a non-profit public interest law firm dedicated to protecting the magnificent places, natural

resources, and wildlife of this earth, and to defending the right of all people to a healthy environment.

A**bout Southern Environmental Law Center**: The Southern Environmental Law Center (www.SouthernEnvironment.org) is the only regional nonprofit using the power of the law to protect the health and environment of the Southeast (Virginia, Tennessee, North and South Carolina, Georgia, and Alabama). Founded in 1986, SELC's team of 40 legal experts represent more than 100 partner groups on issues of climate change and energy, air and water quality, forests, the coast and wetlands, transportation, and land use.

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Frances Beinecke, NRDC President: NRDC is the nation's most effective environmental action organization. We use law, science and the support of 1.2 million members and online activists to protect the planet's wildlife and wild places and to ensure a safe and healthy environment for all living things.

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