

CBO's price tag for drilling in eastern Gulf: \$400M

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A Congressional Budget Office report puts a price tag on a permanent moratorium on drilling in the eastern Gulf of Mexico. Pictured here is a production platform in the central Gulf. Katie Howell/E&E News

A new Congressional Budget Office report has tried to put a price tag on potential drilling off the coast of Florida for lawmakers who want to make the current moratorium permanent, a potential hurdle for lawmakers hoping to bar drilling in the eastern Gulf of Mexico.

The CBO estimate puts a \$400 million **price tag**, over 10 years, on the ban that would be enacted by **H.R. 205**, the "Protecting and Securing Florida's Coastline Act of 2019."

House Majority Leader Steny Hoyer (D-Md.) **on Twitter** today said that the bill will come up for a vote the week of Sept. 9, though it is unlikely to make it to the president's desk.

Nobody knows how much money could be made from drilling for oil and gas in the eastern Gulf of Mexico, currently closed to drilling through 2022 by a congressional edict. But researchers needed to have an idea of the value of leasing the area, because they needed to know what not leasing there would cost the federal government.

The bill, sponsored by Florida Reps. Francis Rooney (R) and Kathy Castor (D), would place a permanent moratorium on drilling within 125 miles of Florida's west coast and most of the eastern Gulf.

The \$400 million figure represents the amount of money the federal government would no longer make from oil and gas companies paying for leasing rights in the eastern Gulf after the current moratorium lifts.

The funding figure could be a roadblock for the bill's proponents, because it makes the measure subject to the pay-as-you-go rule in Congress.

Anticipated oil and gas revenue from leasing in the eastern Gulf is considered direct spending under government rules, the report said.

Under the pay-as-you-go rule, any bill that would reduce revenue or increase certain types of spending is supposed to be offset by other income streams. The rule is intended to rein in legislation that would increase the federal deficit.

In an email, Rooney said the bill's sponsors are focused on getting the "moratorium made permanent."

"CBO scoring is an issue to deal with and we are evaluating the basis of their assertion," Rooney said. "Banning offshore drilling in the [eastern Gulf of Mexico] is an existential issue for Florida and protecting the environment and economy for 21 million Floridians is a paramount concern."

The CBO study notes broad uncertainties in its estimates about oil and gas activity in the eastern Gulf.

Because no leasing has occurred in that area since the 1980s, estimates for how much money would come from renewed leasing by the Interior Department are difficult to come by. Researchers considered recent lease sales in other deepwater areas as well as the "significant interest" that the oil and gas industry appears to have in the eastern Gulf. CBO also noted likely constraints on leasing, such as defense operations off the Florida coast.

Another constraint for researchers was that this was all hypothetical.

Leasing will be legal again after the moratorium expires in 2022, but researchers said they lacked a basis to determine the probability of leasing after that.

Offshore drilling in areas currently off-limits churned up outrage over the last year when the Trump administration weighed expanding drilling to waters that the Obama administration put off-limits.

The Interior Department earlier this year tabled a five-year drilling plan that proposed opening more than 90% of federal waters to the oil and gas industry, with expectations that it will rise again following the 2020 elections.

The delay has not diminished local opposition that was sparked in states along the Eastern Seaboard after the Trump administration proposed expanding leasing areas in 2018 ([*Energywire*](#), May 30).

Through all of this, Florida's drilling prospects have remained highly uncertain.

Unlike the Carolinas, the Northeast and California, deep water off Florida's western coast is adjacent to the only existing offshore oil and gas development of scale in U.S. waters. But the state has also heard promises of an exemption from the unpopular prospect of offshore drilling.

Former Interior Secretary Ryan Zinke complicated the issue with a tweet in early 2018 stating that the eastern Gulf and Florida's west coast would be spared from oil and gas operations.

H.R. 205 is among two offshore drilling bills that will head to a vote in the coming weeks ([*E&E Daily*](#), July 17).

Louisiana Rep. Garret Graves (R) gave a passionate criticism of H.R. 205's "flawed" approach during a markup hearing in June, arguing that instead of a blind ban, the federal government should be probing, exploring and developing an understanding of which areas would be appropriate for drilling or excluded for other reasons.

The bill attracted heat from conservatives who said their Democratic colleagues were hypocrites for seeking to ban offshore drilling but secure funding in the Land and Water Conservation Fund — which is fed by offshore oil and gas lease dollars.

"We are talking about billions of dollars in revenue," Graves said of the potential money lost from not drilling.

Louisiana is home to much of the service industry for offshore development, along with related midstream and downstream sectors like transportation, refining and petrochemicals.

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