Blanco to fight oil, gas lease sale
State should get part of royalties
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The state could be in court as early as next month to stop an August federal oil and gas lease sale off its coast, Gov. Kathleen Blanco’s staff said Wednesday.

Blanco has said for months she would oppose federal oil and gas lease sales until the state gets a portion of federal oil and gas royalties.

Last Friday, the Department of Natural Resources took the first legal step opposing the Aug. 16 sale when it sent a letter to the Minerals Management Service taking issue with an environmental assessment done by the service. According to the state, that environmental assessment says the environment has not been dramatically altered by the damage caused by Hurricanes Katrina and Rita.

"The (environmental assessment) fails to address the effects of continued land loss and storm events on the ability to maintain the infrastructure that is vital to the Gulf's economic well-being and national energy policy," according to the 13-page letter, signed by Gerald Duszynski, acting assistant secretary of the Department of Natural Resources. The letter also points out that nearly 225 square miles of state land was lost to the storms, not the 118 square miles suggested by the federal environmental assessment.

The Minerals Management Service, which administers the lease sales and completes the environmental assessments, had no comment on the letter.

On Wednesday, Bob Szabo, a Washington, D.C., lawyer hired to help the state fight the sales, outlined the future steps that Blanco will take in opposing the lease sale. Blanco will write letters on May 30 and again on June 14 opposing the sale on different grounds. Blanco cannot veto the lease sale but can oppose them.

The state, however, expects that the Minerals Management Service will dismiss the opposition. In that case, the state will appeal to the Department of Commerce. If the Department of Commerce does not take the state’s side, the state will file an injunction in court to stop the sale, Szabo said.

The state will follow similar procedures in opposing a spring lease sale and the Minerals Management Service’s five-year leasing plan that is to go into effect next year.
Szabo said the procedure of opposing such a lease sale is relatively rare. California has opposed sales in the past, but oil-supporting states have not. Blanco and the state's legislative delegation have been pushing for 50 percent of the federal royalties that oil and gas companies pay to lease land in federal waters. The federal government collects about $7 billion a year from those royalties. Because most of the offshore activity is off Louisiana's coast, the state stands to gain up to $3 billion a year.

Several pieces of legislation are pending in Congress that would give the state a portion of oil and gas royalties.