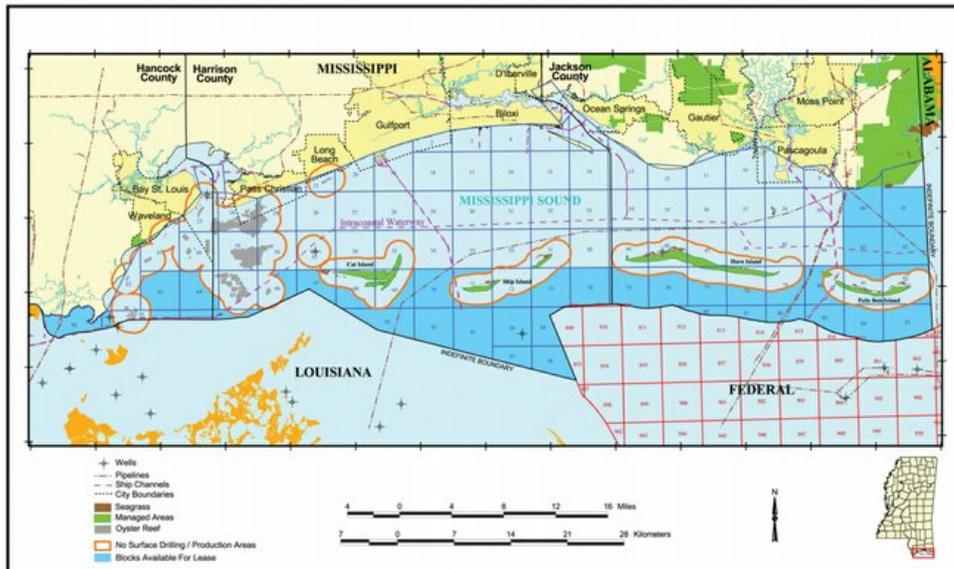


## Gulf Drilling Saga Almost Over?



In 2004, the Mississippi Legislature set aside certain blocks that could be leased to oil and gas companies for drilling in state waters.

By **R.L. Nave**

Wednesday, January 29, 2014 2:15 p.m. CST

A controversy that started more than two years ago, during the waning days of Gov. Haley Barbour's final term in office, sparking a lengthy legal battle between environmentalists and state officials, could be decided before the end of the month.

Any day now, Hinds County Chancery Judge William Singletary is expected to hand down his ruling on the question of whether the Mississippi Development Authority properly developed rules for mineral testing, exploration and, ultimately, drilling off the coast in the Mississippi Sound.

Ever since Barbour announced that MDA would draft rules for seismic testing—which energy companies conduct to determine the amount of oil and gas there is in an area before they start drilling—environmental groups have claimed that setting up drilling rigs could threaten ecosystems and discourage tourism.

About three dozen people, including citizens and representatives from the plaintiff groups, the Mississippi Sierra Club and New Orleans-based Gulf Restoration Network, jammed into Singletary's courtroom on Jan. 6.

"That's fundamentally arbitrary," Wiygul said.

Roy Tipton, an assistant attorney general representing MDA, argued in court that the agency made its decision after hearing substantial evidence at a public hearing in early 2012. Tipton added that in drafting the rules, MDA was only following orders from the state Legislature, which in 2004 divided the portion of the Gulf of Mexico that lies in state-owned waters into blocks that could later be leased to energy firms for exploration.

"There is nothing in MDA's grant of authority that says they have the right to second-guess the Legislature or decide if they may or may not lease the land," Tipton said in open court.

Wiygul's clients assert that MDA does have an obligation to consider the broad economic effects of its decisions, however. They have relied on a fall 2012 report issued by engineer Jeffrey K. Bounds, who attended the Massachusetts Institute of Technology and has family on the Mississippi Coast. Bounds' findings, which Wiygul presented in court, show that even if one in 20 visitors—or 5 percent—stay away from the Gulf Coast because of the of unsightly drilling derricks out on the horizon, the loss of state tourism revenue over the life of the reserve would amount to \$168.5 million.

Pro-drilling state officials dismiss those claims, saying that boundaries the Legislature set in 2004 would

prohibit drilling between the mainland and barrier islands and within one mile south of the barrier islands, creating a two-mile-wide strip at least 10 miles away from the coast where drilling companies would be able to lease. The state has long maintained that opening state waters to oil and gas drilling represents a potential windfall for jobs and economic development.

Leland Speed, the former MDA executive director, wrote a letter before stepping down from his post in which he estimated the state could collect between \$241 million and \$523 million in royalties, with more than 97.5 percent going to the state's education trust fund.

Bernard Weinstein, associate director of the Maguire Energy Institute and professor of business economics at Southern Methodist University, points to the fact that the boom in onshore natural gas production was helped along by the process of hydraulic fracturing as a reason why oil and gas exploration in the Gulf of Mexico makes perfect sense.

Weinstein dismisses critics who argue that drilling alone would deter tourists from visiting the coast.

"There's no impact on tourism unless you have a major spill. I think the prospect of a major spill is unlikely," Weinstein told the Jackson Free Press, adding that the Deepwater Horizon explosion and disaster led to more stringent oversight of drillers.

Wiygul said that if Singletary directs MDA to conduct an economic-impact statement, his clients hope the report will show that drilling in the Sound will cause major harm to the economies of coastal cities.

"They basically decided the question before they started the process."

"It didn't matter what the public said or what the facts said. They asked the public for comment and they advertised and all that stuff but they had already decided what they were going to do," Wiygul told the Jackson Free Press.

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