



July 25, 2012

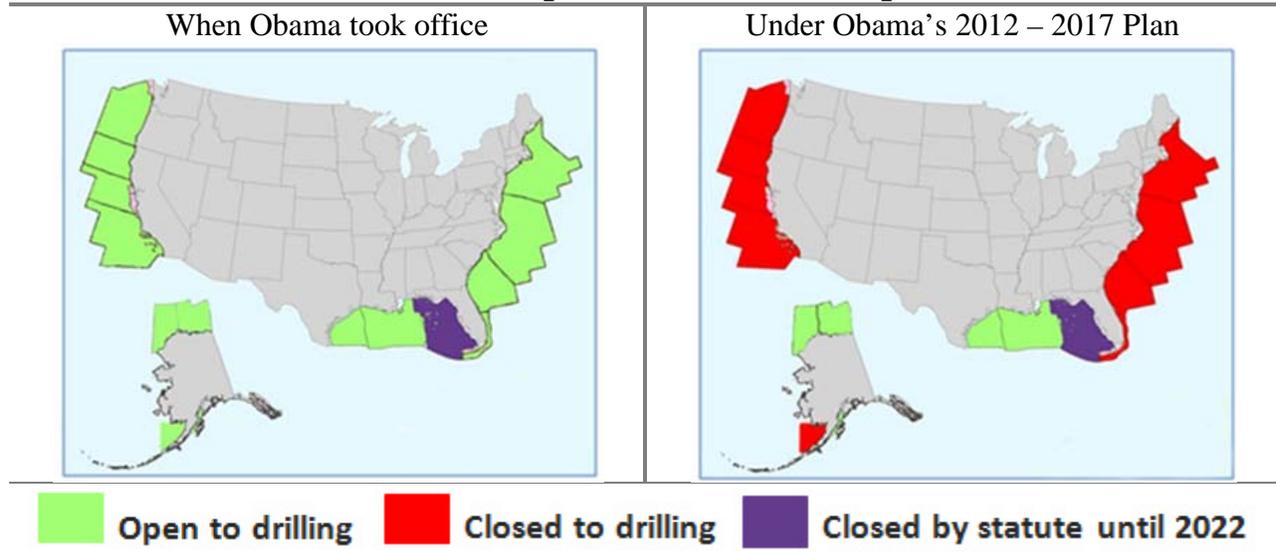
Obama's No New Access Energy Plan

“Given our energy needs, in order to sustain economic growth and produce jobs, and keep our businesses competitive, we are going to need to harness traditional sources of fuel even as we ramp up production of new sources of renewable, homegrown energy ... So the answer is not drilling everywhere all the time. But the answer is not, also, for us to ignore the fact that we are going to need vital energy sources to maintain our economic growth and our security.”

-- President Obama, March 31, 2010

Nearly four years after taking office, President Obama presides over stiflingly high gasoline prices and more than 41 straight months of unemployment over eight percent. Yet he has inexplicably chosen to sideline one of the most powerful tools in his arsenal for fixing these problems by imposing his own moratorium on offshore oil and gas exploration. His ban covers 87 percent of otherwise available Outer Continental Shelf (OCS) area. In so doing, he needlessly diminishes America's prospects for more affordable energy, enhanced energy security, additional federal revenue, and desperately needed jobs.

Offshore Areas Open for Oil & Gas Exploration



In 2008, a bipartisan deal was struck to open up millions of previously restricted offshore acres to oil and gas exploration. Senate Majority Leader Harry Reid and House Speaker Nancy Pelosi allowed the annual congressional moratorium on offshore oil and gas production to [expire](#). In return, President George W. Bush lifted a 1990 executive moratorium on offshore oil and gas production. This left the eastern Gulf of Mexico as the only remaining area under moratorium.

President Obama moved into the White House in 2009 with a first-in-a-generation opportunity to unleash the incredible potential of America's offshore oil and gas resources. He could have used this opening to substantially improve our economy and reduce our reliance on foreign oil. Instead, his five-year offshore oil and gas leasing [plan](#) removes 1.42 billion acres of the 1.65 billion acres of available OCS lands from the table.

No New Access

President Obama's five-year offshore oil and gas leasing plan provides Americans no new access to the valuable oil and gas assets off their coasts. It completely blocks them from exploring for oil and gas resources off the Atlantic and Pacific coasts. It constrains them to already-explored Gulf of Mexico and Arctic waters where it contemplates a total of 15 potential lease sales over the next five years. It summarily forbids them from exploring for oil and gas on 87 percent of available OCS acreage.

Notably, this plan drops a previously scheduled lease sale off the coast of Virginia. It delays lease sales off the Alaskan coast in the Chukchi and Beaufort Seas until 2016 and 2017, respectively, creating more than an eight-year gap since previous lease sales in those areas and threatening the Trans-Alaska pipeline. It also [halves](#) the number of offshore lease sales per year, requires higher minimum bids and provides for shorter lease periods, compared to prior plans.

OBAMA'S 2012-2017 LEASE SALE SCHEDULE

SALE	AREA	YEAR
229	Western Gulf of Mexico	2012
227	Central Gulf of Mexico	2013
233	Western Gulf of Mexico	2013
225	Eastern Gulf of Mexico	2014
231	Central Gulf of Mexico	2014
238	Western Gulf of Mexico	2014
235	Central Gulf of Mexico	2015
246	Western Gulf of Mexico	2015
226	Eastern Gulf of Mexico	2016
241	Central Gulf of Mexico	2016
237	Chukchi Sea	2016
248	Western Gulf of Mexico	2016
244	Cook Inlet	2016
247	Central Gulf of Mexico	2017
242	Beaufort Sea	2017

Obama Misleads on Potential Resources

President Obama has [claimed](#) that his plan will unlock “more than 75 percent of our potential offshore oil and gas resources.” His figure is misleading at best. It was based on seismic data gathered over 30 years ago with [antiquated](#) technology incapable of penetrating ocean depths accessible to today’s offshore oil and gas exploration and production innovations. Dramatically [improved](#) seismic surveys, combined with data generated from actual exploration of a previously inaccessible area, can increase resource projections exponentially.

- A decade ago, the U.S. Geological Survey estimated the undiscovered technically recoverable natural gas resources of the Marcellus Shale formation to be 1.9 trillion cubic feet. Today, it estimates it to be [44 times](#) that amount.
- In just 16 years, North Dakotans have seen estimates of recoverable shale oil multiply [132 times](#).
- In 1980, the U.S. had proved reserves of roughly 30 billion barrels of oil. From 1980 through 2010, the U.S. produced over 77 billion barrels of oil – more than [150 percent](#) of the proved reserves estimated 30 years earlier.

While all analyses agree that our offshore oil and gas resources are colossal, no one really knows just how many barrels of oil or cubic feet of natural gas exist off U.S. coasts. State-of-the-art seismic surveys are likely to show America’s offshore oil and gas resources to be much greater than previously thought. But our energy producers will not develop a truly accurate picture until they are given adequate access to explore. Policy makers should go out of their way to expedite, not block, such access so Americans can benefit from the economic prosperity and energy security that our offshore oil and gas resources can generate.

“Green Light, Red Light” On Virginia Lease Sale

President Obama has engaged in a game of “green light, red light” by prohibiting oil and gas exploration off the Mid-Atlantic coast after initially [signaling](#) his support for it. The 2007 – 2012 offshore oil and gas leasing plan (which just expired at the end of June) had scheduled Lease Sale 220 off Virginia’s shores for last year. President Obama had [announced](#) plans to proceed with this lease sale on schedule, then cancelled it. Now he excludes it from his 2012 – 2017 offshore oil and gas leasing plan, preventing exploration of this previously approved area for at least another five years.

President Obama imposed his own moratorium on oil and gas exploration off Virginia’s coast despite widespread, bipartisan support, including from the state’s Republican governor and two Democratic Senators. Senator Mark Warner [sees](#) “no reason to delay the process for what realistically could be another seven years or more.” Senator Jim Webb [lamented](#) that energy exploration off Virginia’s coast would “boost domestic energy production, while benefitting the commonwealth’s economy.”

- It is [estimated](#) that federal waters offshore Virginia have the potential to produce more than 500 million barrels of oil and more than 2.5 trillion cubic feet of natural gas –

enough to fuel all four million cars in Virginia for more than four years and heat all 3.2 million Virginia households for more than 11 years.

- A Southeast Energy Alliance report [found](#) that offshore energy development in Virginia could create 1,900 jobs; generate nearly \$19.5 billion for government over the next two decades; and add more than \$365 million annually to the state's economy by 2030.
- By one conservative [estimate](#), oil and gas exploration and development in this area alone could create as many as 15,000 jobs over the next 30 years.

Although President Obama gave the “green light” to oil and gas exploration off Virginia’s shores in 2010, he now flashes a “red light” arguing that at least another five years of even more study is required. But if no lease sales are scheduled, there is little [interest](#) in doing the studies. Similarly, the President's restrictions claim that much of the east coast lacks the infrastructure to support oil and gas exploration. But it is illogical to think the infrastructure would be in place while oil and gas exploration is not allowed there. If these areas were opened up, the Interior Department would be required to approve an oil spill preparedness plan before issuing any permits, and responsible infrastructure investment would quickly follow.

Continued Campaign Against Energy Exploration

President Obama’s five-year offshore leasing plan shuts down any additional access to oil and gas resources off U.S. shores. He has unilaterally [denied](#) the American people some \$300 billion in additional government revenue and as many as 400,000 jobs by 2030. He also temporarily halted offshore oil and gas exploration in the Gulf of Mexico and continues to impose a so-called “permitorium” by slow-walking approvals for energy production. This regime will not help to expand oil and gas exploration beyond the three percent of OCS lands currently under lease.

Royalties and lease sales from U.S. energy production are the second largest contributor to the U.S. Treasury after tax revenues. But under President Obama, offshore oil and gas lease sales have substantially declined. Since 2008, federal revenues from new offshore lease bids have [plummeted](#), from \$9.4 billion in 2008 to a paltry \$36 million in 2011. This is not surprising -- President Obama has [cancelled](#) and delayed more offshore lease sales scheduled by the previous administration than he has held.

OBAMA CANCELS OR DELAYS SCHEDULED 2007-2012 LEASE SALES

SALE	AREA	YEAR	ACTION
<i>PRESIDENT GEORGE W. BUSH</i>			
204	Western Gulf of Mexico	2007	HELD
205	Central Gulf of Mexico	2007	HELD
193	Chukchi Sea	2008	HELD
206	Central Gulf of Mexico	2008	HELD
224	Eastern Gulf of Mexico	2008	HELD
207	Western Gulf of Mexico	2008	HELD
<i>PRESIDENT OBAMA</i>			
208	Central Gulf of Mexico	2009	HELD
209	Beaufort Sea	2009	CANCELLED

210	Western Gulf of Mexico	2009	HELD
211	Cook Inlet	2009	CANCELLED
212	Chukchi Sea	2010	CANCELLED
213	Central Gulf of Mexico	2010	HELD
215	Western Gulf of Mexico	2010	CANCELLED
216	Central Gulf of Mexico	2011	DELAYED/ HELD
217	Beaufort Sea	2011	CANCELLED
214	North Aleutian Basin	2011	CANCELLED
218	Western Gulf of Mexico	2011	HELD
219	Cook Inlet	2011	CANCELLED
220	Mid-Atlantic	2011	CANCELLED
221	Chukchi Sea	2012	CANCELLED
222	Central Gulf of Mexico	2012	HELD

When the Obama Administration agrees to lease offshore federal lands, it slow-walks required approvals, wrapping America's economic prosperity and energy security in needless red tape.

- As of May 15, 2012, the average time to get approval for an offshore oil and gas exploration and development plan was 207 days. Before the temporary deepwater drilling moratorium imposed by President Obama after the Gulf of Mexico oil spill, the average time was only 50 days.
- Offshore oil and gas operators need a predictable backlog of approved drilling permits (APDs) to secure long-term rig contracts – generally three APDs for each active rig. In May, the active deepwater rig count was 18, so an approved APD inventory of at least 54 was needed. Because of the Obama Administration's transition to "just in time" permitting, the approved APD inventory stood at only six in March.
- In 2011, the average approval time for an offshore oil and gas exploration and development plan was 109 days – an 80 percent increase over the average of the previous five years, 61 days. At the same time, only 34 percent of plans were approved in 2011, a 54 percent decrease from the 73 percent approval rate of the previous five years.

President Obama's temporary deepwater drilling moratorium and permitorium cost America close to 20,000 jobs, \$700 million in lost wages, and more than \$500 million in lost federal, state, and local tax revenues. They have led to decreased oil production in the Gulf of Mexico by more than 200,000 barrels per day in 2012 compared with levels before the President took office. Researchers forecast that closing this gap could generate from 110,000 to 230,000 jobs.

Slow-walking approvals has wreaked havoc not only on Gulf of Mexico oil and gas exploration and production companies, but on the offshore supply and service businesses they employ. Of the various oil and gas, health and safety, transportation, marine services, ship owners and operators, and other businesses supporting offshore oil and gas development in the Gulf of Mexico:

- 41 percent are not making a profit;
- 50 percent have laid off employees;

- 65 percent have not hired or replaced lost workers;
- 46 percent have moved all or some of their operations away from the region;
- 82 percent of their owners have lost personal savings.

In Alaska, Shell Oil has spent a [staggering](#) \$4 billion over the last five years to develop offshore oil and gas projects in the Beaufort and Chukchi Seas, in large part because of repeated permitting delays by the federal government. The Interior Department says the project is on track to receive the green light soon, but it has yet to issue final approval. Every day the Administration delays, it denies the American people a project with the capacity to generate 55,000 jobs annually, \$154 billion in new payroll income, and \$193 billion in government revenues over the next 50 years.

The U.S. offshore energy industry directly and indirectly [employs](#) more than 242,000 Americans. If President Obama were to cease his permitorium and open up additional offshore acreage for energy exploration, he could generate additional economic growth and support as many as 416,000 American jobs as soon as 2015. More than 2,400 businesses from at least 47 states providing equipment and services to America's offshore energy industry would benefit.

President Obama's five-year offshore oil and gas leasing plan is the latest policy choice to show that his promise of an "all of the above" energy strategy is empty rhetoric. His plan is just another battle in his four-year campaign against oil, [coal](#), and other fossil fuels. While Cuba teams up with [Venezuela](#), [Russia](#), and other less-than-friendly countries to explore for oil only miles off U.S. shores, President Obama closes 87 percent of America's offshore acreage. While talking about the need to stimulate our economy, reduce our federal debt, and create jobs here at home, President Obama has shelved one of our nation's most powerful economic tools, yet does not hesitate to [loan](#) \$2 billion to Brazil to underwrite oil exploration off that country's coast.

President Obama should lift his five-year moratorium, remove his permitorium, and unleash our abundant offshore energy resources to restore our economic prosperity, ensure our energy security, and put Americans back to work.