

Erik Milito Statement to Reporters

March 30, 2011

Good morning.

With the continued troubling events in the Middle East and Japan, I believe that every American shares our opinion that now is not the time for our nation's leaders to view the country's energy situation as just another opportunity to score political points.

What Americans want is less political rhetoric – and more honest efforts to address the realities of our nation's energy security, today and in the decades before us.

What Americans want is political leadership about meeting the energy needs of America's families and America's businesses.

What Americans want are leaders who can look at our nation's vast energy resources and say: "Let's get to work bringing that energy up to benefit our economy, and to create more jobs."

In short, what Americans want is more energy – for their vehicles, for their homes, and for their workplaces.

And they are sophisticated enough to understand that we can get much of that energy from within our borders.

That's not what they've received recently.

In the last two weeks, the administration has delayed an important infrastructure investment that would bring more Canadian oil to the United States – and with it thousands of U.S. jobs.

President Obama traveled to Brazil, where he touted the benefits of Brazilian oil, produced by Brazilian workers.

And yesterday, the president's point person on oil and natural gas development, Secretary Salazar, released a politically motivated and deeply flawed report regarding so-called idle leases.

Among other things, it lists offshore leases that do not yet have approved exploration or development plans as "inactive," regardless of whether there is exploration and pre-production activity going on: such as seismic or technical reviews of the geography.

This preparation work is necessary to determine whether natural resources exist on a lease, and how to produce any oil and natural gas safely.

The administration's report assumes that oil and natural gas are spread uniformly across the lease acreage – suggesting that 70 percent of idle leases equates to 70 percent idled resources.

As if finding oil was no more difficult than sticking a pipe in the ground.

The report completely whitewashes the fact that in many cases, the reason these leases have no exploration plans is that BOEMRE is sitting on those plans.

This is like leasing an apartment from the government for \$20 million dollars – the government refusing to give you the keys to the apartment – and the government proceeding to complain because you are not occupying the premises.

The disturbing reality is that 2011 could go down as the first year since 1957 that there has not been at least one offshore lease sale. Not one.

I'm certain that Americans find it difficult to reconcile that – and the fact that 85 percent of our offshore resources are off-limits to development – despite increased uncertainty in world oil markets and rising worldwide demand for crude oil.

President Obama has a speech on energy scheduled for later today.

We hope he will tell Americans that the administration will abandon their policies to defer, delay and deny access to domestic resources of oil and natural gas:

Resources that could help create U.S. jobs, grow the U.S. economy and provide royalties, rents, and revenues to the U.S. Treasury.

However, reports suggest that the President wants to provide “incentives” to develop the leases the industry currently has, but may or may not, actually have oil and natural gas on them.

The reports are that these incentives include shortening lease terms and increasing royalty rates through a graduated system.

These are not incentives.

They are, in fact, disincentives.

These are actions that will discourage investment here in the US and shift that investment to other parts of the world – to places like Brazil.

We hope the president will abandon energy politics in favor of energy policies that will provide Americans what they want and deserve: more energy, economic growth and more jobs.

We have a million American jobs that we can create if our industry is allowed to produce the oil and natural gas it knows how to produce.

And we have 9.2 million jobs to protect – the jobs across the country supported by our industry.

We urge the president to join the oil and natural gas industry in helping us create and protect those jobs.

It is not too late to get America's energy policy back on track.