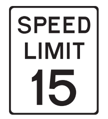
The Administration's policy of stopping vital new oil and natural gas supplies and jobs is stopping progress.

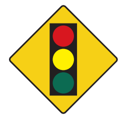
From the very beginning, this administration has taken specific steps to stop or delay the development of domestic oil and natural gas resources necessary to power our nation's economy, create jobs and enhance our nation's energy security.

February 2009



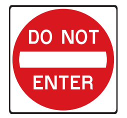
The administration delayed the process for finalizing the upcoming 5-Year OCS Oil and Gas Leasing Program (2010-2015), despite the fact that thousands of comments in favor of expanded development were already received on the Draft Proposed Program.

February 2009



The administration delayed the issuance of a second round of oil-shale research and development leases in Colorado and Utah. They also slashed the size of these commercial leases by 87%, a move that diminished the incentive for investing in the technologies and operations for developing oil shale. [Oil shale deposits in the Rockies are estimated to hold 800 billion barrels of oil.]

February 2009

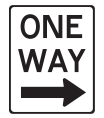


The administration cancelled oil and gas leases on 77 parcels of federal lands in Utah to add additional review, even though the lease sales had already gone through the necessary, rigorous planning and environmental study process.

February 2009

The administration proposed billions of dollars of tax increases and additional fees on U.S. upstream operations. While these proposals were not enacted by Congress, they have been reintroduced with each successive budget (2010 and 2011) and provide a yearly signal to companies that the administration is seeking to raise costs on domestic oil and natural gas operations.

November 2009

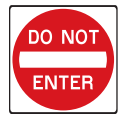


The administration took unilateral action to shorten the lease terms for certain OCS leases. Shortening the lease terms effectively discourages investment in projects that can take years to develop. The government received less money in bonus bids on these leases when compared to the bids received on the same category of leases in recent lease sales.

January 2010

The administration announced changes to the onshore leasing process that are expected to create additional regulatory hurdles and more delays before allowing companies the opportunity to move forward with domestic investments. More than a year later, we still await full implementation of this policy that has already added new layers of bureaucracy.

March 2010



The administration canceled the remaining lease sales in the Beaufort and Chukchi Seas under the then existing 2007-2012 offshore leasing program, and withdrew Bristol Bay from the program.

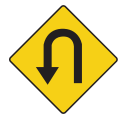
March 2010

Already a year behind the normal schedule for completing an OCS leasing program, the administration released its offshore oil and natural gas strategy, including its plans for the leasing of OCS areas in the period from 2012-2017. This decision narrowed the scope of the draft plan that was issued in 2009 by taking Pacific, Atlantic and Alaskan areas out of the program. This was simply an announcement – the administration did not take any steps that would advance the progress of the plan through the required administrative actions.

April 2010

After a delay of over a year, the administration announced that it would accept scoping comments on the environmental impacts related to the pending 2012-2017 offshore leasing program, and scheduled public scoping meetings.

May 2010

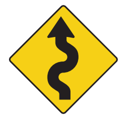


The administration suspended 61 leases that were issued in Montana as part of an agreement with special interest groups, despite the fact that environmental analysis had already been conducted.

May 2010

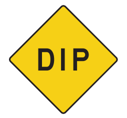
The administration canceled the Virginia offshore lease sale, which had bipartisan support from the VA governor and the VA congressional delegation. The administration also canceled the remaining 2010 Gulf of Mexico lease sales.

June 2010



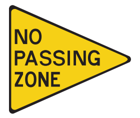
The administration imposed a 6-month moratorium on deep water drilling activities even after all deep water rigs were inspected for safety. This moratorium was struck down in Court. The administration subsequently issued a second moratorium and was held in contempt for taking this unlawful action.

June 2010



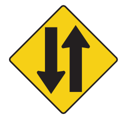
The administration postponed the EIS scoping hearings for the 2012-2017 offshore leasing program and extended the opportunity for public comment on the 2012-2017 offshore leasing program, thereby adding a fourth review and extended delay.

July 2010



The administration issued an Executive Order that established a new framework for managing uses of the Outer Continental Shelf. This will impose an unnecessary regulatory regime that will duplicate a longstanding and successful process for development of OCS oil and natural gas leasing and development through the Outer Continental Shelf Lands Act, as established by Congress.

November 2010



The administration announced that it was initiating work on a supplemental environmental impact statement for the remaining lease sales in the 2007-2012 offshore leasing program, some seven months after the Macondo incident and four months after the well was capped.

December 2010

The administration announced a revised leasing program for 2012-2017 that removed the Atlantic and Eastern Gulf of Mexico from consideration until 2017 at the earliest.

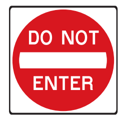
December 2010

The administration announced a newly-created "Wild Lands" category, which establishes a new bureaucratic process that will take additional domestic resources off the table and add further delays to the onshore leasing process. This initiative is moving forward outside the scope of the Wilderness Act of 1964, which gave Congress the authority to designate federal lands as Wilderness Areas. Congress has designated more than 750 areas as Wilderness Lands, occupying an area larger than the State of California. Furthermore, non-park, non-wilderness federal lands have traditionally been managed effectively for multiple uses – including energy development – for the benefit of the American public.

March 2011

The administration sent the commercial oil shale regulations back through the rulemaking process, as part of an agreement with NGOs, despite the fact that the regulations were finalized after months of extensive and open public comment and included the recommendations of an 11-member task force.

Today



Delays continue for the 2012-2017 offshore leasing plan. The process normally requires two and a half years to finalize the plan. Most steps in the process have not yet begun, leaving serious doubt as to whether a program will be in place on July 1, 2012 when the current program ends.

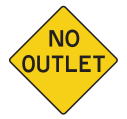
Today

The administration has approved 12 total deep water permits since last April, including 11 that allow operations to resume and only one for a well that was not previously approved.

Today

Since June 2010, the administration has approved a total of 57 permits for new wells, with 51 of those in shallow water. More than 80 percent of offshore oil production and more than 40 percent of offshore natural gas production come from deep water in the Gulf.

Today

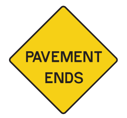


The administration has not acted on over 90 exploration and development plans.

Today

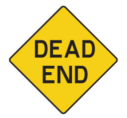
The administration has yet to complete work on the environmental analysis that would allow companies to move forward with crucial federal seismic studies in the Atlantic. Applications to perform seismic work in the Atlantic have been pending for several years.

Today



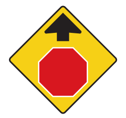
The administration is still not issuing onshore leases within the required 60-day timeline, thereby delaying leasing at a significant cost to successful bidders. The GAO found that the administration failed to issue 91% of leases on federal land in a timely manner. The GAO also found that BLM has routinely held millions of dollars in industry payments without issuing the underlying lease. For instance, in May 2010, BLM was holding nearly $100 million from unissued leases in Wyoming and Utah.

Today



The administration's failure to move forward with energy projects in Alaska exposes the Trans-Alaska Pipeline System to unnecessary supply vulnerabilities. Industry expenditures of more than $3 billion on offshore projects have been met with years of resistance to issue permits from both Interior and EPA. Projects planned for the Chukchi and Beaufort Seas have been continually delayed.

Today



The administration decided to delay its decision on whether or not to approve the Keystone XL Pipeline pending further environmental review, potentially threatening our country's energy security, keeping more than 10,000 union jobs directly related to the pipeline construction on the sidelines, and ignoring the potential for an estimated $34 billion to U.S. GDP in 2015.

Today

The President announced plans for a partnership with Brazil, under which the United States would swap batteries for Brazilian oil. Rather than encourage the development of United States' oil supplies for the benefit of the American consumer, the administration has elected to encourage the importation of Brazilian oil into the U.S. economy. Development of those same oil supplies here in the U.S. would create thousands of American jobs, create billions of dollars in revenues for the U.S. government, and increase our energy security.

The results mean fewer American energy options.

- Production from the Gulf of Mexico has been steadily declining since May of 2010. DOE's Energy Information Administration estimates production from the Gulf of Mexico will fall from May 2010 production levels by 500,000 barrels a day by 2012. And the EIA projects a total decline in Gulf production of nearly 500 million barrels through 2018. This equates to a loss of more than $14 billion in government revenues. This revenue number is conservative given the latest EIA short term outlook, which projects a steeper decline in production, and revenue impacts could be closer to $20 billion.

- Production today is the result of positive energy choices made years in advance. For instance, the leases issued from 1996-2000 under the Deep Water Royalty Relief Act of 1995 are producing tremendous volumes of oil and natural gas for the country today. However, in order to maintain a steady flow of supply, the administration must approve offshore permits at a steady pace and must move forward with a steady flow of lease sales on an annual basis.

- Four days before the Deepwater Horizon accident (April 20, 2010) there were 55 rotary rigs actually drilling offshore in the Gulf of Mexico. Last week, there were just 26 rotary rigs operating in the Gulf of Mexico.

- New well permits issued for the Gulf of Mexico dropped from 381 in 2006 to 171 in 2009 and a low of 104 in 2010. So far this year, only 30 new wells have been approved. The approval rate for new wells by this administration has dropped by more than 60% from pre-Macondo levels (14.5 approvals per month to 5.6 per month).

- 2011 may be the first year without a Gulf lease sale since 1963 and the first year with no federal offshore lease sale since 1957. The revenue impacts are significant, considering that offshore lease sales often bring billions into the federal treasury on an annual basis.

- The administration's approach to energy policy is to propose and support energy taxes. However, a new study by Wood Mackenzie concludes increased access to domestic oil and natural gas—rather than increased taxes on the U.S. oil and natural gas industry—is the best strategy for increasing government revenue, jobs and energy production. Increased access could (by 2025) create 530,000 jobs, deliver $150 billion more in tax, royalty and other revenue to the government, and boost domestic production by four million barrels of oil equivalent a day. Raising taxes on the industry with no increase in access could reduce domestic production by 700,000 barrels of oil equivalent a day (in 2020), sacrifice as many as 170,000 jobs (in 2014), and reduce revenue to the government by $128 billion dollars by 2025.

- America's oil and natural gas industry is responsible for 9.2 million jobs. Positive energy policy has the potential to increase that number, and negative policies such as those outlined above have the potential to put many of those 9.2 million jobs at risk. Energy is a global business and negative policies could shift these American jobs offshore to other areas around the world. We have already seen rigs leave the Gulf and move to Africa and South America.

energy API
AMERICAN PETROLEUM INSTITUTE

1220 L Street, NW
Washington, DC 20005-4070
USA

Digital Media: 2011-067 | 05.09.11