



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

May 5, 2011
(House)

STATEMENT OF ADMINISTRATION POLICY

H.R. 1230 – Restarting American Offshore Leasing Now Act

(Rep. Hastings, R-WA, and 67 cosponsors)

H.R. 1229 – Putting the Gulf of Mexico Back to Work Act

(Rep. Hastings, R-WA, and 70 cosponsors)

The Administration is committed to promoting safe and responsible domestic oil and gas production as part of a broad energy strategy that will protect consumers and reduce our dependence on foreign oil. Safety and environmental reforms that the Administration implemented in response to the *Deepwater Horizon* oil spill are critical to achieving those objectives. These reforms strengthen requirements for issues ranging from well design to workplace safety to corporate accountability, and they require operators to show that they can contain a subsea oil spill like the *Deepwater Horizon* oil spill. The Administration opposes H.R. 1230 and H.R. 1229, as reported by the House Committee on Natural Resources, both of which would undercut these critical reforms.

H.R. 1230 would undermine the Administration's work to ensure that environmental analysis required by the National Environmental Policy Act (NEPA) is conducted in a rigorous manner. H.R. 1230 would hastily open areas of the Gulf of Mexico and the Atlantic to leasing, including requiring the Department of the Interior (DOI) to hold three lease sales in the Gulf of Mexico using outdated NEPA analysis that was conducted before the *Deepwater Horizon* oil spill. The Administration has strengthened NEPA analysis in light of lessons learned from the spill. DOI intends to hold all three Gulf of Mexico lease sales referenced in the bill by mid-2012.

H.R. 1229 would constrain the ability of DOI to ensure that permits meet safety standards by requiring permitting decisions to be made within 30 days of receiving an application – thereby curtailing the review period. Two 15 day extensions would be possible, though DOI would be required to submit burdensome justifications. The bill would grant permits automatically at the end of this 60 day window, regardless of whether the applicant satisfied safety standards. The Administration believes these statutory time constraints are unwarranted. Fifty-one new shallow water permits have been issued since the Administration's stronger safety standards were put in place, and deepwater permit applications also are being processed in a timely manner. Since the end of February, when industry first demonstrated to safety regulators the capability to contain a subsea spill, twelve deepwater wells have been permitted.

H.R. 1229 would also require the Secretary of the Interior to grant an automatic one-year suspension of leases (effectively extending the term of the lease) in the Gulf of Mexico. The Administration fully supports suspensions for Gulf of Mexico leaseholders directly impacted by the drilling moratorium. Ten such suspensions have already been granted using administrative procedures to leaseholders who demonstrated that they were affected by the moratoria.

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