



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

May 17, 2011
(Senate)

STATEMENT OF ADMINISTRATION POLICY

S. 953 – Offshore Production and Safety Act of 2011

(Sen. McConnell, R-KY, and 17 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 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. S. 953 generally would undercut these critical reforms; therefore, the Administration opposes S. 953.

S. 953 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. S. 953 would hastily open areas of the Gulf of Mexico, Alaska, and the Atlantic to leasing, and require the Department of the Interior (DOI) to hold multiple lease sales in the Gulf and Alaska using outdated NEPA analysis that was conducted before the *Deepwater Horizon* oil spill.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 and is committed to responsible development in the Gulf and the Arctic. DOI intends to hold the Gulf lease sales referenced in the bill by mid-2012. With respect to Alaska, DOI has committed to holding annual lease sales in the National Petroleum Reserve while respecting sensitive areas, encouraging development of existing leases by establishing a high-level interagency working group to coordinate the permitting process (including necessary environmental and safety reviews), and extending certain offshore leases.

S. 953 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. These concerns also arise over environmental safeguards and reviews. The Administration believes these statutory time constraints are unwarranted. Fifty-three 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, fourteen deepwater wells have been permitted.

S. 953 also would require the Secretary of the Interior to grant an automatic one-year suspension of leases (effectively extending the term of the leases) in the Gulf. The Administration fully supports suspensions for Gulf 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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