



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

June 25, 2013
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

H.R. 2231 – Offshore Energy and Jobs Act

(Rep. Hastings, R-WA, and 11 cosponsors)

The Administration strongly opposes H.R. 2231. The bill would undermine the targeted, science-based, and regionally-tailored offshore development strategy that the American people and the States have helped develop.

The Administration is committed to promoting safe and responsible domestic oil and gas development as part of an all-of-the-above energy strategy to increase domestic production and reduce dependence on foreign oil. Since the President took office, America's dependence on foreign oil has decreased every year, and domestic oil and natural gas production has risen every year. In 2012, American oil production reached the highest level in two decades and natural gas production reached an all-time high.

The Administration's current five-year strategy for offshore oil and gas leasing makes all of the highest resource areas on the U.S. Outer Continental Shelf (OCS), including frontier areas in the Alaskan Arctic, available for exploration and development. Together, these areas contain more than 75 percent of the estimated, technically recoverable oil and gas resources in our oceans. This plan was developed following extensive input from the public, industry, States, Tribes, and others, and incorporates lessons learned from the Deepwater Horizon oil spill.

H.R. 2231 would require the Department of the Interior to open a number of new areas on the OCS. This action would be directed without Secretarial discretion to determine whether those areas are appropriate for leasing through balanced consideration of factors such as resource potential, State and local views and concerns, and the maturity of infrastructure needed to support oil and gas development, including response capabilities in the event of an oil spill. The bill would mandate OCS lease sales along the east and west coast and elsewhere with inadequate consideration of military use conflicts and without regard for significant issues, such as State and local concerns and impacts on important commercial and recreational fisheries.

The bill also would establish unworkable deadlines and substantive and procedural limitations on important environmental review, alternatives and mitigation considerations, and other analysis that is critical to complying with laws, including the National Environmental Policy Act, the Endangered Species Act, the National Historic Preservation Act, and the Clean Water Act. Full compliance with these laws is important for the protection of citizens, communities, and the environment, and is necessary in order to avoid costly and time-consuming litigation.

The Administration is committed to ensuring that American taxpayers receive a fair return from the sale of public resources. As drafted, the revenue sharing provisions of H.R. 2231 would ultimately reduce the net return to taxpayers from development of the Federal resources directed to be leased under the bill. Consistent with the President's Budget, the Administration looks forward to working

with the Congress to improve the return to taxpayers from Federal energy development through royalty reforms, incentives to diligent development of oil and gas leases, and improvements to revenue collection processes not found in H.R. 2231.

Finally, while the Administration supports the statutory codification of the Administration's reorganization of the former Minerals Management Service, the Administration does not support the structure, requirements or naming conventions proposed in H.R. 2231, which are duplicative, ineffective and result in undue expense.

If the President were presented with H.R. 2231, his senior advisors would recommend that he veto the bill.

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