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If President Obama Truly Supports New Offshore Drilling, Why Does Budget Show Declining Revenue from Leases?

WASHINGTON, DC –Last week during his State of the Union address, President Obama talked about "*making tough decisions about opening new offshore areas for oil and gas development.*"

Turns out, this was another case of his rhetoric not matching reality.

In the Presidents' budget proposal released yesterday, the Administration is anticipating that revenue from new Outer Continental Shelf (OCS) leasing will decline over the next five years. The only way revenue would decline is if less of the OCS is offered for leasing for energy production.

"*Despite what the President lead the country to believe in his State of the Union address, this budget proves that the Obama Administration has no intention of opening up new areas for offshore drilling*," **said House Natural Resources Committee Ranking Member Doc Hastings**. "*In the summer of 2008 when gas prices were skyrocketing, the public demanded that both Congress and the President lift the decades-long ban on offshore drilling. Although there are now 500 million more acres available for offshore energy production, this Administration has deliberately decided to do even less than when the ban was in place. In fact, just days after taking office, this Administration went against the will of the people and reinstituted a defacto moratorium on offshore energy production by delaying the development of a new five-year OCS plan. As this budget shows, the decision not to develop our nation's energy resources will cost millions of dollars in lost revenue and prevent the creation of a million new jobs throughout the country*."

The table below, included in the President's FY 2011 budget, shows rents and bonuses from offshore energy production in the OCS falling from $1.5 billion in 2009, to only $413 million in FY2015. Bonuses are paid when a company obtains a new lease; rents are paid when a company holds the lease while conducting exploration.

The President's 2013 estimate of $409 million is $123 million below the FY09 Bush Administration budget estimate for the same year – even though there was a Congressional moratorium in place at the time. This means that the Obama Administration's current policies are more restrictive on offshore energy development than the previous moratorium.

Table 15–2.	**OFFSETTING RECEIPTS BY TYPE—Continued** (in Millions of Dollars)							
Source		2009 Actual	Estimate 2010	2011	2012	2013	2014	2015
Undistributed by Agency Outer Continental Shelf	..							
Outer Continental Shelf rents and bonuses.	.	1,521	790	538	522	409	423	413
Proposed Legislation (PAYGO).	.	..	..	8	22	38	53	67
Outer Continental Shelf royalties.	.	3,771	2,745	6,638	7,572	8,357	8,675	9,054
Proposed Legislation (PAYGO)		..	..	50	50	50	50	..
.Subtotal, Outer Continental Shelf..	..	5,292	3,535	7,234	8,166	8,854	9,201	9,534

(Source: White House FY 2011 Budget, pg. 198)

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