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Eliminating Liability Limits Kills Independent Producers Could Cost 300,000 Jobs, \$147 Billion in Revenue

Without the ability to insure their operations, the backbone of the offshore oil and gas economy in the Gulf will be forced to shut down

In a move that could further deteriorate the Gulf's economy, the CLEAR Act would set unlimited liability on offshore operators. While there is bipartisan agreement on the need for Congress to address and adjust existing liability caps, the unintended consequences of completely eliminating the cap could cost hundreds of thousands of American jobs.

Small, independent oil and gas producers that operate in the Gulf of Mexico and other areas of the Outer Continental Shelf do not have the means to self insure against potentially unlimited liability costs. Large operators turning billions in profit each year, such as BP, have enough finances and capital to use as collateral against unlimited liability but not small producers. Without the ability to insure their operations, independents—the backbone of the offshore oil and gas economy in the Gulf—will be forced to shut down.

Currently, independents in the Gulf of Mexico drill the vast majority of wells in shallow water—122 compared to 8 shallow water wells drilled by major operators. Independents also have a significant presence in the deepwater where they are drilling 62 out of 143 wells. The independent producers accounted for \$20 billion in tax revenue in 2009.

According to [IHS Global Insight](#), an exclusion of independent energy producers in the Gulf will cost an estimated 300,000 jobs by 2020 and over \$147 billion tax revenue.

Actual job and revenue losses will be much greater as independent energy producers around the nation, not just in the Gulf, will also be forced to shutter their operations.

“Without question, taxpayers should never pay for the damage caused by oil spills, it is those responsible and operators who should be held to full account. But Congress should not pass legislation that will automatically put innocent companies out of business and destroy jobs,” said Natural Resources Committee Ranking Member Doc Hastings. “Small independent operators provide hundreds of thousands of good paying jobs to Americans and provide the country with domestic energy. The purpose of an oil spill recovery bill should be to make offshore oil and gas production the safest in the world—not inflict greater economic damage.”

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House Natural Resources Committee Republican Press Office

Contact: [Jill Strait](#) or [Spencer Pederson](#)

202-226-2311

<http://republicans.resourcescommittee.house.gov>

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