



"If President Obama has embraced offshore drilling in Brazil, why not in the old U.S.A.?"

Editorial: Obama Underwrites Offshore Drilling
Too bad it's not in U.S. waters.

Wall Street Journal
August 18, 2009

You read that headline correctly. Unfortunately, the Obama Administration is financing oil exploration off *Brazil*.

The U.S. is going to lend billions of dollars to Brazil's state-owned oil company, Petrobras, to finance exploration of the huge offshore discovery in Brazil's Tupi oil field in the Santos Basin near Rio de Janeiro. Brazil's planning minister confirmed that White House National Security Adviser James Jones met this month with Brazilian officials to talk about the loan.

The U.S. Export-Import Bank tells us it has issued a "preliminary commitment" letter to Petrobras in the amount of \$2 billion and has discussed with Brazil the possibility of increasing that amount. Ex-Im Bank says it has not decided whether the money will come in the form of a direct loan or loan guarantees. Either way, this corporate foreign aid may strike some readers as odd, given that the U.S. Treasury seems desperate for cash and Petrobras is one of the largest corporations in the Americas.

But look on the bright side. If President Obama has embraced offshore drilling in Brazil, why not in the old U.S.A.? The land of the sorta free and the home of the heavily indebted has enormous offshore oil deposits, and last year ahead of the November elections, with gasoline at \$4 a gallon, Congress let a ban on offshore drilling expire.

The Bush Administration's five-year plan (2007-2012) to open the outer continental shelf to oil exploration included new lease sales in the Gulf of Mexico. But in 2007 environmentalists went to court to block drilling in Alaska and in April a federal court ruled in their favor. In May, Interior Secretary Ken Salazar said his department was unsure whether that ruling applied only to Alaska or all offshore drilling. So it asked an appeals court for clarification. Late last month the court said the earlier decision applied only to Alaska, opening the way for the sale of leases in the Gulf. Mr. Salazar now says the sales will go forward on August 19.

This is progress, however slow. But it still doesn't allow the U.S. to explore in Alaska or along the East and West Coasts, which could be our equivalent of the Tupi oil fields, which are set to make Brazil a leading oil exporter. Americans are right to wonder why Mr. Obama is underwriting in Brazil what he won't allow at home.

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