

Two-thirds of oil and gas leases in Gulf inactive

President to outline plans for energy security in a speech Wednesday

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WASHINGTON — More than two-thirds of offshore leases in the Gulf of Mexico are sitting idle, neither producing oil and gas, nor being actively explored by the companies who hold the leases, according to a Department of Interior report to be released Tuesday.

Those inactive swaths of the Gulf could potentially hold more than 11 billion barrels of oil and 50 trillion cubic feet of natural gas, Interior said in the report obtained by The Associated Press.

President Barack Obama ordered the report earlier this month amid pressure to curb a spike in gasoline prices following instability in the oil-rich Middle East. The White House said Obama would outline his plans for America's energy security in a speech in Washington Wednesday.

The inefficiencies detailed in the Interior Department report also extend to onshore oil and gas leases on federal lands, with 45 percent of those leases deemed inactive. The department said it is currently exploring options to provide companies with additional incentives for more rapid development of oil and gas resources from existing and future leases.

"These are resources that belong to the American people, and they expect those supplies to be developed in a timely and responsible manner and with a fair return to taxpayers," Interior Secretary Ken Salazar said in the report.

Congressional Democrats have already introduced so-called "Use it or Lose it" legislation on Capitol Hill that would impose an escalating fee on the oil and gas companies who hold leases they're not actively using.

The oil and gas industry promptly disputed the administration findings.

"The majority of these leases are always turned back because we can't find resource in commercial quantities," said Jack Gerard, the president and CEO of the American Petroleum Institute. "To suggest that we're sitting on our hands is a pure distraction."

Tuesday's report comes against the backdrop of rising gas prices as the busy summer travel season approaches. Republicans put the blame for the increased costs on Obama's policies, pointing to the slow pace of permitting for new offshore oil wells in the wake of last summer's massive Gulf spill and an Obama-imposed moratorium on new deepwater exploration, though experts say more domestic production wouldn't immediately impact prices.

Washington Rep. Doc Hastings, Republican chairman of the House Natural Resources Committee, said Tuesday that he would introduce three bills to increase offshore energy production, including one that would lift the drilling moratorium and require the administration to move forward with energy production in areas containing the most oil and natural gas resources.

GOP leaders also hit hard on Obama's comments last week in Brazil when he said the U.S. wants to be a "major customer" for the huge oil reserves Brazil recently discovered off its coast.

"Here we've got the administration looking for just about any excuse it can find to lock up our own energy sources here at home, even as it's applauding another country's efforts to grow its own economy and create jobs by tapping into its own energy sources," Senate Minority Leader Mitch McConnell said Tuesday.

Obama has rejected the criticism of his energy policies, saying that domestic oil production rose to a seven-year high last year.

"Any notion that my administration has shut down oil production might make for a good political sound bite, but it doesn't match up with reality," Obama said during a White House news conference earlier this month.

Obama has long said that oil and gas remain critical components of U.S. energy policy, while also promoting clean energy technologies like wind, solar and nuclear. In January's State of the Union address, Obama said he wants 80 percent of U.S. electricity to be generated by clean energy sources by 2035.

Nuclear power has come under more intense scrutiny in recent weeks after an earthquake and tsunami in Japan severely damaged a nuclear power plant there. Despite the uncertainty at that facility, Obama says he remains committed to developing nuclear power in the U.S.