

Risk of offshore drilling is clear; payoff isn't

John M. Broder and Clifford Krauss, *New York Times*, 4-1-10

WASHINGTON — In proposing a major expansion of offshore oil and gas development, President Barack Obama set out to fashion a carefully balanced plan that would attract bipartisan support for climate and energy legislation while increasing production of domestic oil.

It is not clear that the plan announced Wednesday will do either.

While the oil industry, business groups and some Republicans offered muted support for the proposal, most environmental groups panned it. The senators whose support Obama is courting for highly contentious climate and energy legislation to be introduced in the coming weeks gave decidedly mixed reactions: For every senator who praised it as at least a partial answer to the nation's energy needs, another raised alarms about befouled beaches and continued dependence on fossil fuels.

Even Obama sounded somewhat conflicted in announcing a drilling plan that would open large tracts of the Atlantic coast, the eastern Gulf of Mexico and Arctic waters off Alaska to oil exploration and eventual drilling.

"This is not a decision I've made lightly," he said as he stood at Andrews Air Force Base in Maryland on Wednesday near an Air Force fighter converted to burn renewable biofuels.

"There will be those who strongly disagree with this decision, including those who say we should not open any new areas to drilling," Obama said. "But what I want to emphasize is that this announcement is part of a broader strategy that will move us from an economy that runs on fossil fuels and foreign oil to one that relies more on homegrown fuels and clean energy."

Some activists fear that a change in political will in California — and the lure of revenue from offshore oil — could bring new drilling to the coast, where fierce opposition has stopped such efforts since a historic oil spill off Santa Barbara in 1969.

"For California, it is clearly a politically driven temporary reprieve," said Richard Charter, a marine policy adviser to the environmental group Defenders of Wildlife. "They will be back."

But Cathy Reheis-Boyd, president of the Western States Petroleum Association, said her group was "disappointed" that the president's plan "does not access what we believe are huge energy resources off the coast of California. If you bring these resources to California customers, you'll have a huge reduction in California's dependence on foreign oil."

The federal government estimates 10.5 billion barrels of oil wait off California's coast enough, in theory, to supply the state for 16 years.

Reheis-Boyd said the industry has extracted more than 1 billion barrels of oil off the California coast since the Santa Barbara spill.

"That's an indication that we can produce safely off the coast of California," she said.

Gov. Arnold Schwarzenegger has opposed new leases in federal waters but this year proposed allowing two

new drilling leases in state waters off the Santa Barbara coast — California's first in more than 40 years. The governor is hoping the deal would bring \$1.8 billion to the state over the next 14 years. A Texas company, PXP, would tap the site, known as Tranquillon Ridge, from a platform already in federally controlled waters.

A 1994 state law has generally banned new oil leases in state waters, but Tranquillon Ridge site is an exception because it is already being partially drained of oil and gas by a nearby federal well.

Obama's plan, delicately pieced together by the Interior Department with White House input, carved out a large coastal buffer zone in the eastern Gulf of Mexico to mollify Sen. Bill Nelson, D-Fla., an opponent of drilling there. It also included continued access to the oil fields off the North Slope of Alaska to win the support of Alaska Sens. Mark Begich, a Democrat, and Lisa Murkowski, a Republican.

Most New England officials, including Maine's two Republican senators, Olympia Snowe and Susan Collins, are considered swing votes on energy legislation. They strongly oppose offshore drilling, and the North Atlantic was exempted. Because there is almost no support for drilling and there is little recoverable oil off the Pacific Coast, the whole area was declared off limits, said Ken Salazar, the Interior secretary.

But by opening the mid-Atlantic region, from Delaware south to Central Florida, for oil exploration, Obama angered New Jersey's two Democratic senators, Frank Lautenberg and Robert Menendez, who have been generally supportive of Obama's push for climate legislation.

Menendez issued a strong statement Wednesday, saying, "I have let the administration know that if they do not protect New Jersey from the effects of coastal drilling in the climate change bill, then my vote is in question."

Begich of Alaska is among those undecided on climate legislation, waiting to see what would be done on offshore oil drilling, among other issues. He supports exploration in the Arctic under appropriate safeguards.

He said the Obama plan was helpful, but not enough to win his support.

"It's not a perfect deal, but it's better than nothing," Begich said, noting that there is no provision for the states to share in the revenues from lease sales and royalties. "It helps move us down the path."

If the political capital to be gained from the proposal seemed uncertain, so did the potential for vast oil supplies to reduce dependence on imports.

Oil company executives and geologists expressed guarded enthusiasm for the president's initiative. But experts said it was impossible to know how much oil and gas the new tracts contain, in part because some existing data is based on 30-year-old studies.

Even at the high end of government estimates, the new production, if and when it occurs, will displace only a small fraction of the oil and gas the country now imports and consumes.

Stocks of some major oil companies fell Wednesday, but share prices for the energy sector rose overall, possibly a result of the president's action.