

May 25, 2010

FACT SHEET – INDUSTRY CRITICISMS OF ENERGY REFORMS

OFFSHORE

**February 2009: Extending public comment period on Bush Administration 2010-2015 OCS 5-year plan
*API PRESS RELEASE: Interior Secretary Ken Salazar's stalls domestic offshore development***

WASHINGTON, February 10, 2009 – American Petroleum Institute President Jack Gerard today issued the following statement on Interior Secretary Ken Salazar's announcement that he would extend the Outer Continental Shelf Five-Year Plan comment period by 180 days:

"Congress made the American people wait nearly 30 years to address our immediate energy challenges. Secretary Salazar today told the American people they must continue to wait – even though more than two-thirds of them want to tap our vast domestic resources for the benefit of all Americans.

The accelerated Outer Continental Shelf five-year plan process, which the secretary placed on hold today, was designed to address the critical energy concerns facing Americans. The draft plan already received a record 120,000 comments from states, environmental groups, industry, labor groups and members of the public – with 87,000 of those comments supporting expanded and expeditious development.

Secretary Salazar's announcement means that development of our offshore resources could be stalled indefinitely. That would delay Americans' access to nearly 160,000 new, well-paying jobs, \$1.7 trillion in revenues to federal, state and local governments and greater energy security."

June 17, 2009 – MMS proposed a rule that will establish safety systems and audit requirements to address two-thirds of all offshore accidents and spills analyzed by MMS. [Industry has pushed against these safety requirements](#), issuing public comments opposing their implementation. The proposed rule is now at OMB.

September 2009: Terminating Royalty in Kind Program

API PRESS RELEASE: API's Jack Gerard comments on termination of RIK program

WASHINGTON, September 16, 2009 – American Petroleum Institute President Jack Gerard made the following comment on US Interior Secretary Ken Salazar's announcement that he would terminate the royalty-in-kind program:

"The Royalty-in-Kind program, which collected \$6.6 billion in oil and gas deliveries in fiscal 2008, is one of the government's largest sources of non-tax revenue. The program is an effective means of ensuring that the American people receive fair compensation for development of federal resources.

"Terminating this straight-forward method of handling royalty payments runs the risk of raising administrative costs and adding additional layers of paperwork required to determine the value of oil and gas production."

November 2009: Offshore Leasing Reforms

API PRESS RELEASE: API's Jack Gerard comments on new lease terms

WASHINGTON, November 13, 2009 - American Petroleum Institute President Jack Gerard issued the following statement on the shortening the lease terms for the upcoming Central Gulf of Mexico lease sale:

"Today's action is one more impediment to the development of the domestic oil and natural gas necessary for the American economy to prosper. We wrote to Secretary Salazar three days ago reminding him that this administration has set up a series of roadblocks that discourage the investment necessary to increase domestic energy supplies, create well-paying American jobs, and provide additional government revenues at a time when we desperately need all of them. The shortening of lease terms does nothing to guarantee more discoveries but rather takes away from companies the flexibility necessary to operate in an extremely challenging and risky environment."

ONSHORE

February 2009: Utah's 77 Lease Sales

API PRESS RELEASE: API: Interior Utah leasing decision troubling

WASHINGTON, February 4, 2009 – The American Petroleum Institute issued the following statement today from its President Jack Gerard regarding the Department of Interior's decision to cancel leases on 77 parcels of land in Utah:

"We hope today's decision does not signal the administration is returning to the failed policies of the past, leaving much of America's vast energy resources locked up while the nation's demand for energy continues to grow.

The decision runs counter to President Barack Obama's stated goal of reducing U.S. reliance on foreign energy sources and is at odds with the judgment of most Americans that the nation should develop more of its own oil and natural gas. With U.S. domestic oil production declining, we need to develop more and keep more jobs and economic activity in this country. Development would be good for consumers and for the nation's energy security. With current technology and industry practices, our companies are able to develop vital energy resources while protecting the environment. The leases in question involve non-park, non-wilderness lands."

API PRESS RELEASE: API's Jack Gerard comments on Salazar Utah announcement

WASHINGTON, October 8, 2009 – American Petroleum Institute President Jack Gerard issued the following statement on the announcement today by Interior Secretary Ken Salazar to make permanently ineligible for lease eight of the 77 federal oil and natural gas parcels in Utah, and defer development on another 52 parcels:

"Today's announcement that Secretary Salazar is removing 60 federal leases from development is just another in a series of actions this administration has taken to delay or thwart oil and natural gas exploration in areas where its development has been designated, and where lease sales have been carefully planned.

October 2009: Oil Shale Development Reforms

API PRESS RELEASE: API comments on Salazar oil shale announcement

WASHINGTON, October 20, 2009 - The American Petroleum Institute issued the following statement on the announcement today by Interior Secretary Ken Salazar to issue a second round of oil shale research and development leases with vastly diminished potential commercial acreage:

“We are concerned, however, with some of the new second-round lease terms, specifically the decision to reduce by 87 percent the total potential commercial lease size. Slashing the size of the potential commercial lease diminishes the incentives for investment and ignores the enormous up-front costs and risks undertaken to develop these technologically complex resources.

November 2009: Energy Development on Federal Lands

Salazar fires back at oil trade groups:

The interior secretary bristles, but the industry says rule changes create "more uncertainty."

By Mark Jaffe

The Denver Post

Posted: 11/25/2009 01:00:00 AM MST

Interior Secretary Ken Salazar on Tuesday rebuffed criticism from the oil-and-gas industry that the Obama administration is stifling energy development in the West and offshore.

Calling the charges "poison and deceptive," Salazar said at a news conference in Washington, D.C., that the industry has to understand "they do not own the nation's public lands; taxpayers do." The industry trade groups are behaving like "the arm of a political party," Salazar said.

January 2010: Onshore Leasing Reforms

API PRESS RELEASE: API's Jack Gerard comments on Salazar imposing additional regulatory hurdles

WASHINGTON, January 6, 2010 - American Petroleum Institute President and CEO Jack Gerard issued the following statement on Interior Secretary Ken Salazar's announcement that he would impose additional regulatory hurdles before allowing companies to drill for oil and gas on federal lands:

“In what has become increasingly familiar double-talk from this administration, Interior Secretary Salazar today again spoke of the importance of domestic oil and natural gas, while making it more difficult to produce American oil and gas, put more Americans back to work and help restore our nation's economy. Under the guise of offering certainty for investors, Interior Secretary Salazar has taken steps to further delay and limit American energy resources for all Americans.

“This troubling trend of hobbling companies' ability to develop much-needed domestic energy supplies will not create certainty for investors, as Secretary Salazar suggested today. Instead it will make America more dependent on foreign energy and continue to constrain government budgets...”

Salazar Attacks 'Kings of the World' With Oil & Gas Leasing Changes

By Kirsten Korosec | Jan 6, 2010

The highly anticipated proposed rules for how the government issues oil and gas leases on federal lands were released by Interior Department Secretary Ken Salazar earlier Wednesday.

...The Bush Administration's approach created a need for reform, he said in a telephone press conference with reporters Wednesday. He said the oil and gas industry — which he dubbed the kings of the world — essentially controlled the process, picking and choosing with little to no oversight.

"Their view by and large, was that leasing should happen almost anywhere, at whatever cost. The previous administration offered vast amounts of Western lands for oil and gas development, the majority of which has not yet been developed."

January 2010: First Year Overview

Interior chief Salazar's first year a gusher of controversy

By Michael Riley

The Denver Post

Posted: 01/24/2010 07:17:28 PM MST

"...Fuel as the flash point

But it is in the area of energy development where the interior secretary has gone most visibly on the offensive. Observers say he's linked a broad new agenda — renewable energy development — to an old one: a broadly conservationist view of public lands as a treasure to be preserved as much as a resource to be exploited.

"We're coming out of the most aggressive oil and gas administration we've ever had. Salazar's No. 1 priority had to be to get oil, gas and coal back into perspective," said Wilkinson, the CU professor. Energy companies say Salazar has gone well past that, swinging the pendulum far to the other side and threatening a significant pullback in domestic energy production.

They complain bitterly of being shut out of critical discussions and say that Salazar is making decisions in Washington that should be left to field specialists — a criticism often leveled at the Bush administration.

Industry defenders point out that the Interior Department in 2009 withdrew already-issued leases in Utah; scaled back oil-shale development in Colorado; is revisiting a Bush-era offshore drilling plan; and added environmental and planning requirements for onshore leasing.

"After a year in the office, it's very clear there is a direction that has been decided, and it's anti-oil and gas," said Jack Gerard, president of the American Petroleum Institute, an industry trade group.

"We had hope. I was one of those interviewed early on and said Sen. Salazar comes from a Western state, understands the public lands," Gerard said. "We wish we had the Sen. Salazar of Colorado sitting in the secretary of interior's seat, because he was very different.

"The benefit of the doubt we give to the good secretary is that maybe those are the marching orders he's been given" from the administration, Gerard said."

Salazar and Oil Group Trade Barbs

January 27, 2010,

By JAD MOUAWAD The Associated Press

The war of words between the Obama administration and the oil industry continues.

For months, Ken Salazar, the Interior secretary, and Jack Gerard, the president of the American Petroleum Institute, have been involved in a tit-for-tat over the administration's energy policies. The oil industry says the administration has been slowing, or delaying, many lease sales and hampering the development of oil and gas resources around the country.

For its part, the administration says it wants to develop a comprehensive policy for renewable and conventional resources.

The latest barrage of criticism from Mr. Gerard came during a conference call yesterday, where he repeatedly criticized the Interior Department, saying that the number of new leases "had shrunk to the lowest level on record."

"We don't think those are good public policies," Mr. Gerard said, adding that revenues from last year's lease sales amounted to less than \$1 billion, compared to \$10 billion a year earlier.

This morning, the Interior Department put out a pointed rebuttal to the attacks, in memo titled "Reality Check," saying that government agencies were promoting oil and gas development "in the right ways, in the right places and with a fair return for the American taxpayer."

Shortly after that release, A.P.I. sent reporters a rebuttal to the rebuttal.

It read, in part, "Mr. Gerard stands by his facts. Interior doesn't rebut one – and can't.

It also stated: "Interior's attack on the veracity of Mr. Gerard's comments is pure dissimulation."