

Expanding Safe and Responsible Oil Production While Investing in the Future

When President Obama took office, the United States imported 11 million barrels of oil a day. President Obama has put forward a plan to cut that by one-third by 2025, and we are on the right path. To encourage responsible production, the Obama administration is taking a series of steps to execute the *Blueprint for a Secure Energy Future*, a broad effort to protect consumers by producing more oil at home and reducing our dependence on oil by using cleaner, alternative fuels and improving our energy efficiency. We are moving ahead with a comprehensive energy plan for the country that is enhancing our energy security, creating jobs, and improving protections for the environment.

Overall, oil imports have fallen by 9 percent since 2008, and net imports as a share of total consumption declined from 57 percent in 2008 to less than 50 percent in 2010. The Department of the Interior (DOI) plays an important role in advancing domestic production.

Production, by the Numbers: Since 2008, U.S. oil and natural gas production has *increased*, while imports of foreign oil have *decreased*.

- Total U.S. crude oil production was higher in 2010 than in any year since 2003.
 - In the last two years, oil production from the federal Outer Continental Shelf (OCS) has increased by more than a third, from 446 million barrels in 2008 to an estimated more than 600 million barrels in 2010.
 - Oil production from onshore public lands increased 5 percent over the last year, from 109 million barrels in 2009 to 114 million barrels in 2010.
- U.S. natural gas production is up 7 percent from 2008, and is at its highest level in more than 30 years.
- As of mid-September 2011, according to independent analysis, the number of rigs engaged in oil and gas exploration and production in the United States was at the highest level in 34 months.

Encouraging Development, by the Numbers: The Obama administration has offered, and continues to offer, millions of acres of public lands and federal waters for oil and gas exploration and production.

Onshore: In 2010, the Bureau of Land Management (BLM) held 33 oil and gas lease sales covering 3.2 million acres. In 2011, BLM is scheduled to hold an additional 33 lease sales.

- 41 million acres of public lands are currently under lease for oil and gas development, of which only 12 million acres are producing.
- In 2010, the BLM processed more than 5,000 applications for permits to drill (APD) on federal and Indian lands. In 2011, BLM expects to process more than 7,200 APDs.
- After implementation of onshore leasing reforms, the number of protests has declined significantly and the protests that are received can now be resolved more quickly. In fiscal year 2011, 36 percent of BLM's oil and gas leases were protested – down from 47 percent in 2009.

Offshore: In 2010, DOI offered 37 million offshore acres in the Gulf of Mexico for oil and gas exploration and production. The 2012-2017 OCS Oil and Gas Leasing Proposed Program makes more than 75 percent of undiscovered technically recoverable oil and gas estimated on the OCS available for development.

- 38 million acres of the OCS are under active lease, of which 6.5 million acres are producing. More than 70 percent of offshore leases are not producing.
- Of the nearly 37 million offshore acres offered for lease by the federal government, only 2.4 million acres were leased by companies.

Returning Value to the Taxpayer: Royalty collections from oil, gas and mineral production on public lands and the federal OCS provide critical revenue streams for projects that create jobs.

- In fiscal year 2011, DOI collected \$11.16 billion from energy production on public lands and offshore areas – a \$2 billion increase over the previous year – and disbursed those revenues among federal, state and tribal governments, while funding reclamation, conservation and preservation accounts.
- More than \$6 billion went directly to the U.S. Treasury to fund programs for all Americans – making the Department’s mineral revenue disbursements one of the nation’s largest sources of non-tax revenue.
- Nearly \$2 billion was disbursed to 37 states as their cumulative share of revenues collected from oil, gas and mineral production on federal lands located within their borders, and U.S. offshore oil and gas tracts adjacent to their shores.

The Obama administration has begun implementing a series of administrative actions to encourage safe and responsible domestic production. These measures include:

- **Extending all Gulf leases affected by the moratorium**, as well as certain offshore leases in Alaska, so that industry can appropriately comply with safety and environmental standards. After review by the Bureau of Safety and Environmental Enforcement (BSEE), 97.7 percent (1,381) of the 1,413 total Gulf of Mexico requests received by companies for their offshore leases were granted. The remainder fell outside the scope of the criteria and were denied and/or withdrawn.
- **Holding offshore lease sales** in the Western and Central Gulf by mid-2012. The Bureau of Ocean Energy Management (BOEM) will hold Western GOM Sale 218 on December 14, 2011. This sale will incorporate higher minimum bid requirements than in the past to ensure that taxpayers receive fair market value for offshore resources and to provide leaseholders with additional incentive to invest in resources that they plan to develop.
- **Providing incentives to spur efficient oil and gas development** where possible using administrative action. Offshore, existing authorities make it possible to shorten the base term of leases, where appropriate, and reward diligent development efforts with extensions, providing industry with an incentive to develop.
- **Establishing a more orderly, open and environmentally sound process for developing oil and gas on public lands**, allowing us to resolve disputes and potential conflicts early in the leasing process in order to avoid costly and time-consuming legal battles.
- **Committing to annual lease sales in Alaska’s National Petroleum Reserve (NPR-A)**. BLM will hold a lease sale on December 7, 2011, for approximately 3 million acres – an area larger than Rhode Island and Delaware combined - in the NPR-A. The lease sale will offer 283 tracts and is coordinated with a State of Alaska sale, offering industry adjacent tracts in state and federally-managed areas.
- **Coordinating Alaska permitting** with a new, high-level interagency working group to facilitate a more efficient permitting process in Alaska while ensuring that all permitting standards are fully met. The working group is chaired by Deputy Secretary of the Interior David J. Hayes.
- **Facilitating collaboration and coordination of research** to expand safe oil and gas development through BSEE’s Ocean Energy Safety Advisory Committee that brings together government, industry, and academia.
- Working with the offshore industry to **explain new, robust safeguards** that were implemented in the wake of the *Deepwater Horizon* tragedy. BOEM and BSEE are committed to the efficient and thorough processing of plan and permit applications, and have held workshops and created online tools to assist offshore operators in submitting more complete and accurate applications, which will continue to decrease processing delays.
 - More information on offshore exploration and development plans is available at: <http://www.boem.gov/Oil-and-Gas-Energy-Program/Plans/Status-of-Gulf-of-Mexico-Plans.aspx>
 - More information on offshore permits to drill is available at: <http://www.bsee.gov/Regulations-and-Guidance/Permits/Status-of-Gulf-of-Mexico-Well-Permits.aspx>.