



Written by [Brian Koenig](#) on June 18, 2012

Shell Oil Chief: Obama, Industry Have “Very Stressed Relationship”

Shell Oil Company’s chief U.S. official congratulated the White House for accepting the “strategic importance” of oil resources off the Alaskan coast, but asserted that overall tensions between President Obama and the oil industry prevail. “I think you see a lot and you hear a lot about it being a very stressed relationship, and that’s real,” Shell Oil Company president Marvin Odum affirmed Sunday in an [interview](#) with *Platts Energy Week TV*. “We should just be honest about the fact that that’s real.”



Shell has been awaiting approval for federal drilling permits that would allow the company to jumpstart an exploratory-drilling project off the Alaskan coast this summer. The Obama administration has already [accommodated](#) some much-needed approvals, and the permits should be certified after the Interior Department completes a series of tests and inspections on the company’s drilling project.

“I think it is a recognition of how strategically important Alaska is and offshore Alaska is to the U.S. and U.S. energy security,” Odum said, adding that there could be more than 25 billion barrels of oil off the Alaskan coast. “I think Alaska is a good example where you would say where the strategic importance of Alaska is understood, because we wouldn’t be where we are today otherwise.”

All in all, Shell has devised a plan to drill five exploratory wells in the Chukchi and Beaufort Seas by the end of this year, but if the White House delays the permits, company officials warn that sea ice could scale back drilling. “Let’s take a worse-case: If we didn’t get started until about the middle of August, we are probably more realistically looking at two wells in the Chukchi and maybe one well in the Beaufort,” Odum explained. “That’s just part of the uncertainty that we deal with as we enter an area like this.”

However, more broadly the oil industry and their Republican allies in Congress have persistently railed against the Obama administration’s anti-oil agenda that has strapped burdensome regulations on oil development. The White House has been dawdling on nearly all new oil exploration in the wake of the 2010 Deepwater Horizon oil spill — also known as the BP oil spill — which ignited a heated debate over the environmental impact of oil drilling.

Overall, critics aver, the President harbors an ideological position that opposes the use of fossil fuels, especially the mainstay of petroleum in the transportation market. Too many of the administration’s policies have curbed domestic oil supply and relayed hostile signals that only add to the rising pain at the gas pump.

In defending his policies, Obama [proclaimed](#) in his 2012 State of the Union address that he is directing his “administration to open more than 75 percent of our potential offshore oil and gas resources.” He also pledged to provide “every possible action” to develop “a supply of natural gas that can last America nearly one hundred years.”



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However, only days after touting his so-called dedication to increasing the U.S. oil supply, Obama released his proposed 2013 budget, which according to *Financial Times*, “sets up a fight with the oil and gas industry.” The President has led a virulent campaign to boost taxes on the oil industry, and such actions are largely reflected in his latest budget proposal.

In a March vote, the U.S. Senate nixed a Democratic proposal to seize on billions of dollars in tax breaks from the “big five” oil companies, which includes Shell, BP, Exxon, Chevron, and ConocoPhillips. As *The New American* [reported](#) at the time, Obama hailed the legislation, contending that the oil industry is raking in record profits and that they do not need any tax reductions.

“I think it’s time they got by without more help from taxpayers who are already having a tough enough time paying the bills and filling up their gas tank,” the president [said](#) in a speech at the Rose Garden. “And I think it’s curious that some folks in Congress, who are the first to belittle investments in new sources of energy, are the ones that are fighting the hardest to maintain these giveaways for the oil companies.” He later [added](#), “Wind and solar power ... energy-efficient cars. That’s the future.”

Congressional Republicans blasted the president for advocating higher fuel prices, contending that inflating expenses for oil companies will only discourage spending on new oil exploration and, ultimately, further boost the cost of gasoline. “Is this the best we have to offer folks who are staring at \$4 a gallon gasoline?” Senate Minority Leader Mitch McConnell (R-Ky.) asked prior to the vote, challenging the president and Democratic leaders. “A bill that even Democrats admit won’t do anything to lower the price of gas?”

Naturally, environmentalists and other critics have sought to vilify Shell’s plans to drill in the Arctic seas — as the region is home to beluga whales, polar bears, and other purportedly “fragile species” — arguing that a spill would be calamitous to the region’s ecosystem.

However, Odum countered that the company’s safety preparations and response in regard to spills is unparalleled, and that the company is “absolutely sure” its spill-containment and clean-up teams can carry out the operations safely. He said, “This is designed where nothing goes wrong. But if something did, that very small chance that something does, we have the response systems in place to react to that.”

Photo of Marvin Odum: AP Images



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