



White House “Lifts” Deepwater Drilling Moratorium

Yesterday, October 12, the White House lifted the moratorium on deepwater oil and gas drilling that was imposed immediately following the British Petroleum Gulf oil spill. Both the spill and the moratorium hurt the oil industry and frustrated Gulf Coast communities that were dependent on offshore drilling for their livelihood.



The moratorium affected 33 deepwater drilling rigs, though the number has been reduced to approximately 24 that are awaiting new permits to operate. While the full effects of the moratorium have not yet been felt, as the oil cleanup has helped to create thousands of temporary jobs, experts believe the moratorium could cost billions of dollars, both in lost income and lost jobs.

The ban was originally scheduled to expire on November 30, but after fierce pressures from the oil industry that have resulted from layoffs and the moving of oil rigs out of the gulf, as well as two court rulings that labeled the moratorium illegal, the White House finally gave in.

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The *New York Times* reports, “Lifting the ban mollified some of its sharpest critics, but the debate over the economic and environmental impact of oil development in the gulf continues.”

Environmentalists have already come out in opposition to the lifted ban, claiming it will endanger the gulf.

Likewise, it will take months before drilling actually resumes, allowing time for the oil industry and government regulators to “scramble to meet strict new rules intended to prevent another disaster like the Deepwater Horizon explosion and spill,” writes the *NYT*.

Secretary of the Interior Ken Salazar explains, “We have made and continue to make significant progress in reducing the risks associated with deepwater drilling. I have decided that it is now appropriate to lift the suspension on deepwater drilling for those operators that are able to clear the higher bar that we have set.”

The *New York Times* notes, “The new rules, issued by the Interior Department’s new Bureau of Ocean Energy Management, Regulation, and Enforcement, tighten standards for well design, blowout preventers, safety certification, emergency response, and worker training.”

Ironically, some claim it was in fact government overregulation that led to the oil spill in the first place. In July, for example, Oregon’s GOP congressional candidate Art Robinson said:

“Government regulations caused the BP oil spill. There are so many regulations on the energy industry, that that’s why people have to go and drill three miles down on the ocean to find oil. If



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[they] had not regulated the energy industry in this country where they couldn't do their job with the best technology it might not now be necessary to go to the ends of the earth and do all kinds of screwy things to get enough oil to run our economy."

Similarly, former Alaskan governor Sarah Palin remarked that government kowtowing to environmentalists brought about the Gulf oil disaster, as the government has forced the oil industry to drill in deep water, a more dangerous alternative for humans than shallow water drilling.

Palin explained, "Intense deep water drilling is absolutely not the recommended solution to fulfill our nation's energy requirements." She asserts that lies about "onshore" and "shallow water" drilling completely closed off any possibility of drilling in those less hazardous locations.

The new regulations will cost the deepwater industry an estimated \$183 million a year to operate.

The Heritage Foundation is not convinced by the headlines or assertions by the Obama administration regarding the lifted ban on deep-water drilling. It writes, "While yesterday's announcement does remove one legal barrier to the resumption of energy investment in the Gulf, the Obama administration still retains full discretion over whether or not any new permits will be issued. And all indications are that those new permits will not be coming any time soon."

In fact, officials have admitted that they are uncertain as to when the first permit may be cleared. When pressed for details about the issuance of permits, Michael Bromwich, Director of the Bureau of Ocean Energy Management Regulation and Enforcement, said, "It will clearly not be tomorrow and it will not be next week. My sense is we will have permits approved by the end of the year, but how much before the end of the year I can't say."

Louisiana State University professor Joseph Mason told the *Christian Science Monitor* that "uncertain policy decisions" regarding oil drilling make it difficult for oil rig operators to plan for the future. As a result, they will likely move, ultimately taking jobs overseas.

Similarly, Louisiana's Democratic Senator Mary Landrieu remarked:

Today's decision is a good start, but it must be accompanied by an action plan to get the entire industry in the Gulf of Mexico back to work. This means that the administration must continue to accelerate the granting of permits in shallow and deep water, and provide greater certainty about the rules and regulations industry must meet.

Landrieu has gone so far as to block President Obama's nomination of Jack Lew as White House budget director to protest the moratorium and asserts that she will not release her hold yet, reports the *New York Times*. She says, "When Congress reconvenes for the lame-duck session next month, I will have had several weeks to evaluate if today's lifting of the moratorium is actually putting people back to work."

In addition to the impact that the moratorium has had on deepwater drilling, it has also negatively impacted shallow-water drilling. The Heritage Foundation reports that since the Deepwater Horizon spill, the Interior Department has issued only 10 percent of shallow-water permits that they normally do.

Institute for Energy Research senior vice president Dan Kish told Politico, "I don't know what business can run at 10 percent of what it normally does."

Regardless of the lift of the moratorium, President Obama has made his feelings about domestic oil and gas development quite clear.



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In 2004, when speaking to the League of Conservation Voters, then-Senator Obama stated, “I believe that existing policies are imbalanced in favor of new and increased [oil and gas] extraction. Reduced energy demand would eliminate the need for new production on federal public lands, and I would oppose such production in any event.”

In other words, he prefers reduced energy demand to the development of energy resources.



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