



NEWS ANALYSIS

Risk Is Clear in Drilling; Payoff Isn't

By JOHN M. BRODER and CLIFFORD KRAUSS
Published: March 31, 2010

WASHINGTON — In proposing a major expansion of offshore oil and gas development, President 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.

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Alex Brandon/Associated Press
With the secretary of the interior, Ken Salazar, President Obama seemed cautious as he announced plans for drilling at sea.

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 denounced it. And the senators whose support Mr. 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 Mr. Obama sounded somewhat torn 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," Mr. 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."

Mr. 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 to mollify Senator Bill Nelson, Democrat of Florida, an opponent of drilling there.

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It also included continued access to the oil fields off the North Slope of Alaska to win the support of Alaska Senators [Mark Begich](#), a Democrat, and Lisa Murkowski, a Republican.

... gland officials, including Maine's two senators, Olympia Snowe and [Susan Collins](#), did swing votes on energy legislation. They use [offshore drilling](#), and the North Atlantic. And because there is almost no support for here is little recoverable oil off the Pacific. The area was declared off limits, said [Ken](#) interior secretary.

... Delaware south to Central Florida, for oil 's two Democratic senators, [Frank Lautenberg](#) ally supportive of Mr. Obama's push for

climate legislation.

Mr. 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."

Mr. 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," Mr. Begich said, adding 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 foreign 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 on Wednesday, but share prices for the energy sector rose overall, possibly a result of the president's action.

The [American Petroleum Institute](#), using the high end of government estimates, hopes that the opening of the areas on the Atlantic and eastern gulf alone would make available more than four billion barrels of oil and more than 30 trillion cubic feet of [natural gas](#) — enough to fuel more than 2.4 million cars and heat eight million households for 60 years.

"It's a promising development and it recognizes that the administration understands the potential job creation and domestic energy production that will result from offshore access," said Erik Milito, director of the institute's upstream and industry operations.

But [T. Boone Pickens](#), the billionaire Texas oilman, who has been a practicing geologist for 50 years, said, "I've seen some optimistic reserve estimates for offshore United States and I am not sure they will hold up."

In the last 15 years, the industry has made swift strides in new methods to acquire and analyze seismic data in waters that were impossible to reach when geologists last studied the areas. Current seismic and drilling information cover only a tiny fraction of the area



**Justin Bieber, pop's hair
apparent**

that would be opened for drilling, especially along the Atlantic coast. "We don't have a good understanding of what the true potential is," said Bobby Ryan, [Chevron](#)'s vice president for global exploration.

He added, "Until you really get in there with modern technology and evaluate it, you don't really know."

Still, some industry analysts say there is at least the potential for some huge oil and gas finds offshore once oil companies are allowed to explore.

Jon Blickwede, a senior geologist for Statoil, the Norwegian oil company active in the Gulf of Mexico, said he was optimistic that exploring the eastern gulf area "has the kind of potential to decrease our dependence on foreign imported crude oil and natural gas as well."

He based his assessment on the fact that the geology of the eastern gulf is very similar to that of coastal central and southern Mexico, where there are productive oil fields.

The reaction on Wednesday to Mr. Obama's proposal from citizens in the states that may see stepped-up oil and gas activity was as mixed as that in Washington, drawing both supporters and opponents. In Wainwright, Alaska, a small coastal village at the state's northern tip, John Hopson Jr., a whaling captain, welcomed the policy announcement as a potential source of new jobs. The [Shell Oil](#) Company holds leases in the Chukchi Sea about 80 miles off the coast of Wainwright.

"It gives our community a chance at development," Mr. Hopson said.

But in North Carolina, Frank Tursi, a preservationist with the North Carolina Coastal Federation, said he believed that there was very little oil off the state's popular beaches and high risk from drilling into the seabed.

"It all leaves the president with a delicious irony and that is: In order to garner support for a bill that is intended to cut greenhouse gas emissions, the administration is willing to expand the very substance that causes those emissions in the first place," Mr. Tursi said. "Pandering for votes that rely on a polluting fuel of the past is not the kind of change many of us expected."

John M. Broder reported from Washington and Clifford Krauss from Houston. Amanda Coyne contributed from Alaska and Victoria Cherrie from North Carolina.

A version of this news analysis appeared in print on April 1, 2010, on page B1 of the New York edition.

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