



**EXECUTIVE OFFICE OF THE PRESIDENT**  
**OFFICE OF MANAGEMENT AND BUDGET**  
**WASHINGTON, D.C. 20503**

July 29, 2010  
(House Rules)

## **STATEMENT OF ADMINISTRATION POLICY**

### **H.R. 3534 – Consolidated Land, Energy, and Aquatic Resources Act of 2010**

(Rep. Rahall, D–West Virginia)

The President has called for both administrative and legislative action to: (1) improve the safety of offshore drilling; (2) guarantee that those who are responsible for damages from an oil spill as a result of offshore drilling fully compensate those who have borne the cost of those damages; and (3) eliminate the conflicts of interest that have put industry profits ahead of the safety of workers and the natural environment, as was recently demonstrated in the Gulf of Mexico. The Administration commends the House Committees on Natural Resources, Transportation and Infrastructure, and Energy and Commerce for their efforts in developing this legislation, which creates a framework to accomplish these goals. The Administration strongly supports House passage of H.R. 3534.

H.R. 3534, which is largely consistent with the Administration's vision of dividing the key responsibilities for offshore energy management into three distinct entities within the Department of the Interior, contains the necessary authorities for these three entities. The Administration believes that it would be most effective if this reorganization focused exclusively on Outer Continental Shelf resources at this time.

H.R. 3534 would provide additional authorities to promote enhanced health and environmental safety standards for offshore operations, strengthen environmental reviews of offshore drilling plans, reform revenue collection, and implement a more extensive system of inspections of offshore energy activities. These standards will improve safety, and removing the arbitrary limit on liability for damages caused by offshore drilling will create the incentive for the oil and gas industry to comply with new standards and seek out and implement best practices for safety. The Administration strongly supports the repeal of the limit on economic damages liability for offshore drilling, which has served as an implicit subsidy for the oil and gas industry for two decades. The Administration likewise supports the repeal of industry subsidies granted in the form of "royalty relief." The Administration also supports efforts that respect the authority of the Department of the Interior to oversee and regulate offshore drilling, including the need for a temporary suspension of operations necessary to improve safety, well containment methods, and spill response capacity in the Gulf of Mexico.

The Administration has concerns with provisions relating to the Exclusive Economic Zone with respect to U.S. obligations under international trade and investment agreements. The Administration strongly supports funding for land and water conservation and historic preservation projects that prioritize the needs of the Nation based on competitive processes. The Administration looks forward to working with Congress to improve the bill as it proceeds through the legislative process.

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