Written by Bruce Walker on April 22, 2011

Obama’s Gulf Drilling Policy Costing Jobs

Louisiana Governor Bobby Jindal has taken President Obama to task for his policies on drilling in the Gulf of Mexico. ?One of the side effects, one of the things we need to recover from is the administration impos[ing] a one-size-fits-all moratorium after the spill,” he stated. “We want drilling to be done safely but we don?t want to lose thousands of jobs down here.?

The economic impact of the moratorium is that other workers whose jobs supported the oil rig workers, such as restaurant and hotel employees, have suffered the loss of income as well. The ripple effect which was part of the pitch in the Presidents stimulus argument is very real in Louisiana and neighboring states. Obamas ban is destroying productive jobs even as the President assures Americans that job creation is a top priority.

The halting of drilling, even the type that is universally accepted as perfectly safe, appears to be nothing more than symbolic. It affects only American businesses, as other nations such as Brazil and China are still drilling in the Gulf. Any oil drilled helps keep energy costs down and reduces the uncertainty in the economy about energy supplies; however, when that drilling is done by foreign firms, the U.S. government loses corporate tax revenues, royalties, and related streams of income.

In February, Texas-based Seahawk Drilling declared that it would seek Chapter 11 bankruptcy as a direct result of President Obamas offshore drilling ban. CEO Randy Stilley declared: It think it is important to note that Seahawk was forced to seek strategic alternatives only after [an] unprecedented decline in the issuance of offshore drilling permits following the Macondo Blowout. Senator Mary Landrieu (D-La.) called the situation an economic nightmare, adding:

> I have repeatedly said that the administrations excruciatingly slow release of oil and gas permits will cause job losses. How many more rigs have to leave and how many more businesses have to close before it realizes the havoc the de facto moratorium is wreaking on the Gulf Coast?

The number of permits issued, according to an April 18 Reuters story, has declined to almost nothing. Obama’s new agency, the Bureau of Ocean Energy Management, has issued permits for only 10 wells about one-third of the number assigned in recent years.

Oil prices have soared as the Obama administration trickles out these drilling permits most of which are to companies that had already been drilling at the site. The situation is similar to California Governor Jerry Brown’s decision in the midst of some of the worst economic times the state has faced in many decades to require that all utilities must in the future use at least 33 percent renewable energy to generate power, a move that most believe will push up Californias already sky high utility rates.

Obama last October lifted the blanket ban on all deepwater drilling in the Gulf of Mexico, which had been sought by Republicans and Democrats alike. Republican Governor Rick Perry of Texas had sued the federal government over the ban. Democrat House member Sheila Jackson Lee (Texas), who very seldom finds herself on the same side as Republican Governors Perry, Bobby Jindal (R-La.), or Haley Barbour (R-Miss.), strongly supported the lifting of the ban, stating after it was announced:

> The administration is going to lift the moratorium, and I think it is clear that Democrats and Republicans understand the vitality of the energy industry here. It should be very well noted that the early on told many of us that they wanted to do a thorough review, but they were open to ending this moratorium before November 30th.

The tinkering with Gulf drilling is particularly risky for an American economy overtaxed, overregulated, and tied to a government financial system which is wildly irresponsible. More than 30 percent of the nations oil is produced in the Gulf of Mexico. Even federal officials estimated that the deepwater moratorium on drilling cost between 8,000 and 12,000 jobs. Industry leaders are deeply disturbed about the impact of the ban. John Hofmeister, former President of Shell Oil who now runs Citizens for Affordable Energy, notes:

> This moratorium was a bad idea to start with. It was not necessary There was no basis on which to stop the 33 drilling rigs from operating. They all passed inspections. This was a political act for which there will be political consequences, I am sorry to say.

Hofmeister predicted that the cost of fuel in the United States will double by 2012.

Although the deep sea drilling ban was nominally lifted, the administration has created new safety requirements. Industry officials have argued that the vagueness of the new rules has created a de facto moratorium on drilling. Shell Executive Vice President John Hollowell explained: We could comply with whatever they wanted. We just needed them to say what they wanted.

Oil waits to be extracted in Alaska (the drilling has been halted by environmentalists) oil that would not only drive down energy costs, lower the country's balance of payments, but also produce an income stream to the federal government that does not require tax increases. Coal, a dependable fuel which America possesses in vast quantities, has likewise been throttled by environmentalists.

These harsh and onerous regulations cost America good, productive jobs, and push the dollar ever closer to Weimar Republic instability. They keep much-needed money from flowing into the U.S. Treasury. When even Democrats otherwise loyal to Obama (such as Senator Joe Manchin [D-W.Va.], Congresswoman Sheila Jackson-Lee [D-Texas], and Senator Mary Landrieu [D-La.]) state that coal regulation is draconian and that offshore drilling regulation is creating unemployment, then it begins to look more and more as if "economy free-fall" is not an unfortunate byproduct of this administrations polices, but rather a calculated aim.