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UPDATE: Exxon, Chevron See Eastern Gulf Drilling Ban As Step In Wrong Direction

(Adds statement from Chevron in the third paragraph.)

By Isabel Ordonez

Of DOW JONES NEWSWIRES

Oil giants Exxon Mobil Corp. ([XOM](#)) and Chevron Corp. ([CVX](#)) said Wednesday the Obama administration's decision not to allow offshore drilling in the eastern Gulf of Mexico or off the U.S. Atlantic coast is a step in the wrong direction for U.S. energy policy.

"This is an unfortunate decision that will eliminate badly needed government revenue, inhibit employment growth and increase reliance on imported energy," said Kenneth Cohen, Exxon Mobil's vice president of public and government affairs, in an emailed statement.

Chevron, which is one of the largest oil and gas producers in the U.S. Gulf of Mexico, said the drilling ban will limit U.S. production and undermines the country's economic recovery by impeding job creation and access to affordable domestic energy supplies. "The announcement fails to recognize the critical contribution U.S. offshore development is making to increase domestic energy supply," Margaret Cooper, a Chevron spokeswoman, said in an email.

The U.S. Interior Department made the announcement Wednesday in a move that reversed an earlier administration plan to expand oil and natural gas exploration in the Atlantic and off Florida's Gulf Coast, which are currently off limits. The decision underscored heightened concerns about offshore drilling in the wake of this year's [BP PLC](#) ([BP](#), [BP.LN](#)) oil spill in the Gulf of Mexico, which became the worst offshore spill in U.S. history.

The drilling ban "ignores...the overwhelming evidence that the Gulf of Mexico spill resulted from practices far outside industry norms," Exxon's Cohen said.

Anticipating industry criticism of the administration's about-face, U.S. Interior Secretary Ken Salazar told reporters that about 29 million acres in the Gulf are under lease to oil companies but have not been developed out of a total 43 million acres leased. "There's plenty of opportunity for oil and gas companies to develop these additional resources," he added.

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