



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

July 26, 2006
(Senate)

STATEMENT OF ADMINISTRATION POLICY

S. 3711 – Gulf of Mexico Energy Security Act of 2006

(Sen. Domenici (R) New Mexico and 11 cosponsors)

The Administration supports Senate passage of S. 3711.

The Administration believes expanding access to Outer Continental Shelf (OCS) resources is an important component of the effort to increase domestic energy production, thereby addressing high energy prices and promoting U.S. national security. S. 3711 authorizes OCS expansion, recognizes important interests of coastal States such as Florida, and provides a cap on costs to protect the Federal Treasury.

The Administration supports the provisions of S. 3711 that would open the area south of Lease Sale 181, which is currently under moratorium, to new oil and gas leasing, and the Administration supports a firm cap to constrain future spending to reasonable levels.

The Administration is concerned about the rate of revenue sharing in the bill for new leases in presently accessible areas, and that S. 3711 creates an expectation for an amount of shared revenue that exceeds the cap. For these reasons, among others, it is important that spending be held to the cap in this bill.

The Administration welcomes the opportunity to work with Congress to increase domestic energy production by expanding access to OCS resources and looks forward to swift Senate passage of S. 3711.

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