



US Ends Deep-Water Drilling Ban

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The Obama administration announced today that it is ending the deep-water drilling ban that it enacted after the Deepwater Horizon oil spill. According to the [Wall Street Journal](#),

Interior Secretary Ken Salazar, in a statement, said drilling in waters deeper than 500 feet can resume, so long as rig operators can demonstrate they comply with new safety regulations imposed since the April 20 Deepwater Horizon oil-rig explosion that began the three-month Gulf oil spill.

Among the new conditions on deep-water drilling: The chief executives of rig-operator companies must certify to the government that they comply with all safety regulations, and members of the industry must demonstrate they have the equipment necessary to contain a deep-water well blowout.

It is not clear how much impact this will have. According to [Marketwatch](#):

Nevertheless, S&P Equity Research reiterated its negative fundamental outlook on the oil- and gas-drilling sector. "We would caution investors that the lifting of the ban ... is in our view a necessary but not sufficient condition to revitalizing U.S. Gulf offshore-rig demand," S&P analyst Stewart Glickman wrote in a note.

"We note that the permitting process for offshore rigs, both shallow and deepwater, has been and is likely to remain sluggish for some time," he said.

The American Petroleum Institute's [Energy Tomorrow](#) site,

The American Petroleum Institute (API), while pleased that the moratorium has been lifted, expressed concern today that a de facto moratorium could be created by delays in the processing and approval of permits, which will reduce production, government revenues and American jobs, according to a statement by API President and CEO Jack Gerard.

Without lifting of the drilling ban, it would have expired on November 30. There is disagreement as to how much impact the drilling ban has had to date on jobs. According to [one study](#), employment in the oil and gas industry in the five Louisiana parishes most dependent on the offshore oil and gas industry has remained relatively flat, because jobs created by the oil spill roughly offset those lost otherwise.



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