

# Days Before Obama Announced CO2 Rule, Exxon Awarded Gulf of Mexico Oil Leases

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On Friday May 30, just a few days before the U.S. [Environmental Protection Agency](#) announced details of its [carbon rule proposal](#), the Obama Administration awarded offshore oil leases to ExxonMobil in an area of the Gulf of Mexico potentially containing over 172 million barrels of oil.

The U.S. [Department of Interior](#)'s (DOI) Bureau of Ocean Energy Management (BOEM) proclaimed [in a May 30 press release](#) that the ExxonMobil offshore oil lease is part of "President Obama's all-of-the-above energy strategy to continue to expand safe and responsible domestic energy production."

Secretary of Interior [Sally Jewell](#) formerly [worked as a petroleum engineer](#) for [Mobil](#), [purchased as a wholly-owned subsidiary by Exxon in 1998](#).

Dubbed a "[Private Empire](#)" by investigative reporter [Steve Coll](#), ExxonMobil will now have access to oil and gas in the [Alaminos Canyon Area](#), located 170 miles east of [Port Isabel, Texas](#). Port Isabel borders spring break and tourist hot spot [South Padre Island](#).



Map Credit: [U.S. Bureau of Ocean Energy Management](#)

ExxonMobil [originally won the three leases](#) at the [Western Planning Area Sale 233](#), held on March 19. BOEM records show ExxonMobil [was the only company to participate in the bid](#) and paid over \$21.3 million.

## Transboundary Agreement Opens Floodgates

The [U.S.-Mexico Transboundary Hydrocarbon Agreement](#) signed into law by President Obama on December 23, 2013 — a key [precursor to the ongoing debate over Mexico's oil and gas industry reforms](#) — served as the legal backdrop for BOEM awarding ExxonMobil

with the lease.

“With the Agreement now in full force, we can make additional oil and gas along the resource-rich boundary between the United States and Mexico available and we have a clear process by which both governments can provide the necessary oversight to ensure exploration and development activities are conducted safely and responsibly,” Secretary Jewell [said in a press release](#).

“These leases represent a significant step forward in U.S.-Mexico cooperation in energy production and pave the way for future energy and environmental collaboration.”

[Over 1.5 million offshore acres opened for business](#) as a result of the Transboundary Agreement.

Through the Agreement, U.S. companies agreed to develop the area jointly with Mexican state-owned company [Petroleos Mexicanos \(Pemex\)](#).

Mexico’s legislature is now debating the details of secondary legislation, coming after [the country signed constitutional amendments in December 2013](#). The constitutional amendments-secondary legislation one-two punch will open up the rest of Mexico’s onshore and offshore oil and gas reserves to international oil and gas companies, working in partnership with Pemex.

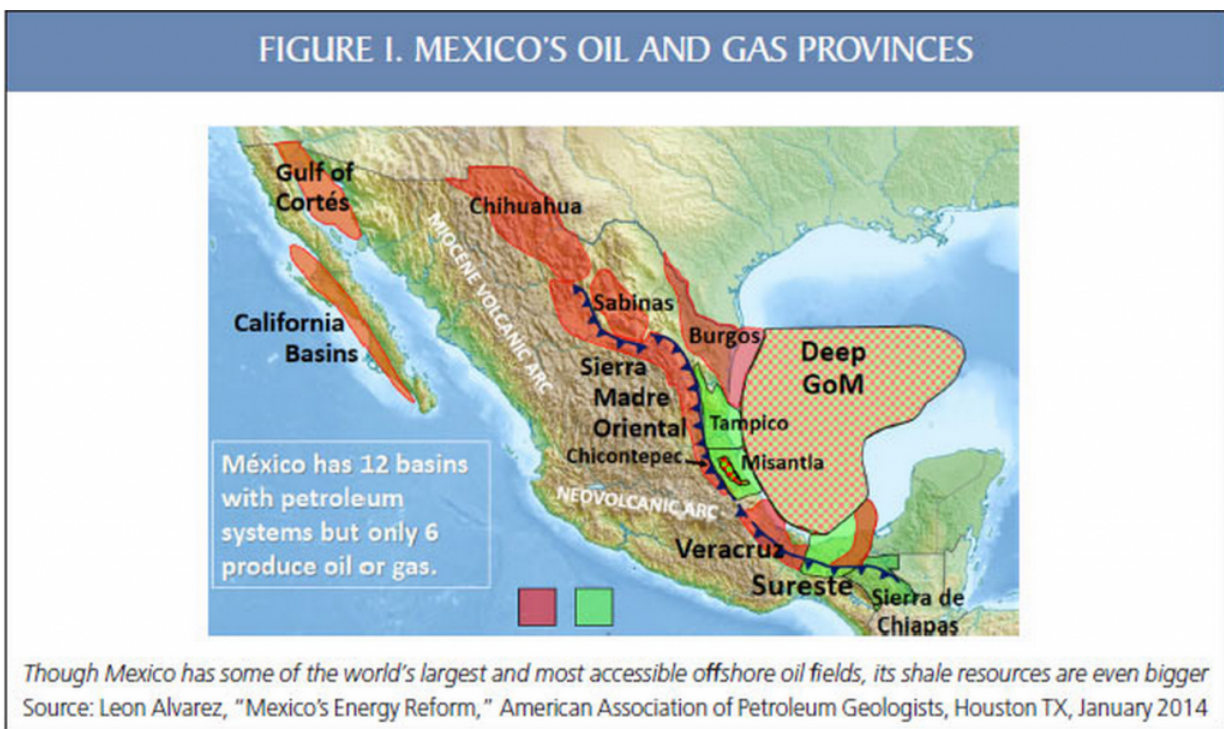


Image Credit: [Manhattan Institute](#)

According to a May 6 article appearing in Upstream Online, the [legislature will open up an "extraordinary session" to debate the secondary legislation sometime this month](#).

### **"Five Year Program"**

Beyond the Transboundary Hydrocarbon Agreement, in February the Obama Administration [announced it would be opening up over 40 million acres of offshore land for oil and gas](#)

[development](#), also doing so under the “all-of-the-above” banner.

“These lease sales underscore the President’s commitment to create jobs through the safe and responsible exploration and development of the Nation’s domestic energy resources,” [Secretary Jewell said in a press release at the time](#).

“The Five Year Program reflects this Administration’s determination to facilitate the orderly development while protecting the human, marine and coastal environments, and ensuring a fair return to American taxpayers.”

### **“Stove Pipe” Energy Policy**

Not everyone is confident about the Obama Administration’s ability “to facilitate the orderly development while protecting the human, marine and coastal environments,” though, particularly given the [climate change](#) and [ecological impacts of offshore drilling](#).

And that’s to say nothing about the myriad shortcomings of the EPA carbon rule itself, which an article in Bloomberg Businessweek jovially described as doing “[the power industry a big favor](#).”

“The Obama Administration has had a problem of stove-pipe energy policy: announcing separate, often competing policies when it comes to reducing emissions,” [Tyson Slocum](#), director of [Public Citizen](#)’s energy program, told DeSmogBlog.

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