



“Taking a swipe at big oil”

Anderson Cooper, Joe Johns

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COOPER: It only took House Democrats 42 hours and 15 minutes to finish their 100-hour legislative agenda. Tonight, they crossed off the last item on their list, passing a big that would get rid of billions of dollars of tax breaks for the oil industry. That's billions of dollars that you are paying for. Before you celebrate, it is not over yet.

CNN's Joe Johns tonight is keeping them honest.

(BEGIN VIDEOTAPE)

REP. NANCY PELOSI (D-CA), SPEAKER OF THE HOUSE: The bill is passed.

JOE JOHNS, CNN CORRESPONDENT (voice-over): House Democrats wrapped up their first 100 hours rush ahead of schedule with a big finish, taking a swipe at big oil, voting to end taxpayer subsidies that they say the industry doesn't need and consumers reeling from price at the pump can't afford.

REP. JOHN LEWIS (D), GEORGIA: Oil companies are making record profit. They do not need our help. They're not begging for our help. They made more than \$96 billion in profit.

JOHNS: The House also voted to try to undo an almost mind boggling blunder involving leases for oil drilling in the Gulf of Mexico. That when it's all said and done could cost taxpayers a whopping \$10 billion or more.

Here's what happened. In 1989 and '99, the Interior Department negotiated leases with some 50 companies for deep water oil drilling in the Gulf of Mexico.

But many of the oil companies say if they have to pay the royalties now, that cost will be passed straight to consumers.

Congressional Republicans, for their part, are making the point, it's not the industry that screwed this one up.

REP. JOHN SULLIVAN (R), OKLAHOMA: The companies who entered into these agreements cannot be blamed by -- for the federal government's mistakes. The contracts signed by the federal government and energy producers are legal and binding.

JOHNS: The guy who's trying to unravel all of this says there's no evidence that the government intentionally let oil companies off the hook, as some critics have suggested.

EARL DEVANEY, INTERIOR DEPARTMENT, INSPECTOR GENERAL: This at a minimum is a shockingly cavalier management approach to an issue with a profound -- with profound financial ramifications. A jaw-dropping example of bureaucratic bungling.

JOHNS: Keeping them honest, what you didn't hear a love Democrats talking about today was that the blunder that started all of this was committed by the administration of a Democratic president. That's right. It happened on Bill Clinton's watch. Just the same, the Bush administration didn't fix it.

One watchdog group says the problem lies in the Interior Department agency responsible for the leases.

BETH DALEY, **PROJECT ON GOVERNMENT OVERSIGHT**: The big picture problem that is we have an agency that's totally captured by the oil industry and does its bidding, even if it compromises its mission to protect the taxpayer.

JOHNS: The White House supports the idea of recovering royalties but strongly opposes other parts of the House bill.