
January 10, 2007**U.S. to Raise Royalty Rates for Oil and Gas Leases in the Gulf****By [EDMUND L. ANDREWS](#)**

WASHINGTON, Jan. 9 — The Bush administration, accused of failing to collect billions of dollars from companies that drill for oil and gas in federal waters, announced on Tuesday that it would demand higher royalties on all new deepwater leases in the Gulf of Mexico.

The [Interior Department](#) said it would raise the royalty rate to 16.7 percent from 12.5 percent of oil and gas sales, a change that it estimated would increase government revenue by \$4.5 billion over 20 years.

“Increased royalty rates will ensure that during this time of high energy prices the American public receives its fair share of the value of oil and gas,” said Gary Strasburg, a spokesman for the department.

But the change will not alter any of the thousands of existing offshore leases, nor will it affect a mistake in hundreds of leases that could allow companies to escape as much as \$10 billion in royalties over the next five years.

The Interior Department has been trying to renegotiate those leases for the last six months, but has managed to reach voluntary agreements with only 5 of the 56 companies that hold them. Two of the biggest players in the Gulf of Mexico, Chevron and Exxon Mobil, have refused to sign new deals.

Next week, House [Democrats](#) hope to pass legislation that would punish companies that refuse to renegotiate, either by imposing a stiff new tax on their production or by prohibiting them from acquiring new leases.

“Raising the royalty rates will do nothing to help the situation unless this administration expresses a true commitment to actually collecting these payments,” said Representative Nick J. Rahall II, Democrat of West Virginia and chairman of the House Committee on Natural Resources. “The oil and gas royalties system is broken and needs to be fixed.”

In a separate decision, the Bush administration announced that it might lift a longstanding prohibition on drilling in Bristol Bay, an area off the coast of Alaska that is part of the North Aleutian Basin. The area has been closed to oil and gas leasing since 1990, partly in response to the enormous tanker spill in 1989 by the Exxon Valdez.

The Interior Department also announced plans to open a big new area in the central part of the Gulf of Mexico, a move that Congress authorized in December.

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