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No Energy in the House Energy Bill

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The House of Representatives is putting together its energy package, a massive bill that House Speaker Nancy Pelosi (D–CA) promises will "achieve energy independence" and "lower energy prices." Perplexingly, the House plans to reach these goals, among others, by cracking down on domestic oil and natural gas drilling. The Senate energy bill, which passed on June 21, was bad enough, doing nothing to increase domestic energy production; provisions in the House bill, however, could actually reduce it. The House approach to America's energy challenges will hurt consumers and may even increase dependence on foreign producers.

Domestic Energy: Abundant but Restricted. The most logical first step toward reducing energy prices and strengthening energy security is to allow better use of the oil and natural gas available in the United States. Such resources are plentiful in the vast federally controlled holdings in the West and Alaska. A 2006 report from the Department of the Interior (DOI) estimated that federal lands "contain 187 trillion cubic feet of natural gas and 21 billion barrels of oil, which represents 76 percent of onshore Federal oil and gas resources."[1]

That amount of natural gas could supply all American households for 39 years, and the oil represents more than 30 years' worth of current imports from Saudi Arabia.

At the very least, bringing this extra energy online would have taken the edge off the price spikes that have hit consumers in recent years. Expanding domestic production could also keep a lid on runaway prices and improve competition with imports for decades to come.

Unfortunately for the energy-using public, "just 3 percent of onshore Federal oil and 13 percent of onshore Federal gas are accessible under standard lease terms," according to the report.[2] In other words, only a tiny percentage of energy can be accessed without serious legal or regulatory impediments. In addition, "46 percent of onshore Federal oil and 60 percent of onshore Federal gas may be developed subject to additional restrictions, including no surface occupancy."[3] This red tape also limits the amount of energy resources extracted.

Most disturbing of all, "51 percent of the oil and 27 percent of the gas are presently closed to leasing."[4] This energy is completely off-limits.

Granted, few Americans want unrestricted oil and gas wells in treasured National Parks or historical sites. However, the drilling restrictions on federal lands have gone well beyond reasonable limits. This is especially true given advances in drilling technology that have dramatically reduced both the above-ground environmental footprint and the risk of spills.

This paper, in its entirety, can be found at:
www.heritage.org/Research/EnergyandEnvironment/wm1542.cfm

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A companion report on the Outer Continental Shelf (OCS) reads much the same. In *Report to Congress: Comprehensive Inventory of U.S. OCS Oil and Natural Gas Resources*, DOI found that an estimated 19.1 billion barrels of oil and 83 trillion cubic feet of gas lie beneath federally controlled territorial waters that are off-limits to leasing and development. The actual amount of resources may be higher, as DOI's initial energy estimates are usually low, and sometimes by a wide margin. Furthermore, as with onshore lands, even those areas where energy production is not restricted outright are subject to a host of burdensome requirements.

Congress's Failure to Remove Restrictions. Past congressional efforts to cut the red tape that hampers domestic energy production have largely fallen short. Those failed efforts include numerous attempts over the last few years to allow access to a small portion of Alaska's Arctic National Wildlife Refuge, where an estimated 10 billion barrels of oil lie near the already-built Alaska pipeline. Nor has Congress opened access to the 85 percent of offshore areas that are restricted, including near the east and west coasts and most of the Eastern Gulf of Mexico. Such pro-energy measures were debated but were ultimately rejected from inclusion in the last energy bill, which passed in 2005.

Congress is not even trying to increase domestic energy production with the latest energy bill. The Senate version passed without any serious consideration of measures to increase oil and gas drilling. The proposed House bill would also fail to increase production by a single drop. There appears to be bicameral support for energy bills that are devoid of any real energy.

However, the House version is even worse than the Senate's, because it would pile on additional red tape and restrictions in those areas where drilling is allowed. The bill would even repeal a few modest provisions included in the 2005 energy bill that were meant to streamline the requirements for onshore oil and gas drilling.

For example, the bill would restore the need for redundant and overlapping environmental reviews under the National Environmental Policy Act. The bill would also slow efforts to develop shale oil, a potential long-term substitute for petroleum for which test projects are underway. The bill even eliminates the government's deadlines for responding to drilling permit applications, effectively making a slow bureaucratic process even slower.

One can only speculate whether the amount of energy kept off the market by these measures would be substantial or not. But the fact that the House is considering *any* additional impediments to new domestic production is discouraging.

Conclusion. Federal constraints on domestic energy production serve only to reduce supplies and raise prices. Since the constraints do not apply to energy from foreign lands, they also hand a comparative advantage to OPEC and other non-U.S. energy producers. Thus, both the House and Senate bills are bad news for energy prices and also energy security.

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1. Press release, "New Study Measures Restrictions on Oil and Gas Development on Federal Lands," Bureau of Land Management, November 28, 2006, at *www.blm.gov/nhp/news/releases/pages/2006/pr061128_epca.htm* (July 9, 2007).
2. *Ibid.*
3. *Ibid.*
4. *Ibid.*