

WebMemo



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Opening America's Waters to Energy Production: A Positive Step in the Fight Against High Energy Prices

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Washington, D.C., must do something about the increasing price of gasoline, now topping \$4.00 per gallon. One important step would be to tap our own supplies of oil. Yet for decades, overlapping congressional and presidential restrictions on drilling for energy in the Outer Continental Shelf (OCS) have stood in the way of lower prices for oil and natural gas.

The President took a positive step yesterday by urging Congress to rescind the ban on drilling in American-controlled waters. (Senator John McCain also injected the OCS drilling debate into the presidential race recently by coming out in support of offshore energy production.) In addition, the President should rescind the executive moratorium on exploration. These are serious solutions to high energy prices that would allow domestic energy supplies to grow.

Congressional Restrictions on Drilling. Many of America's offshore areas are off-limits to energy production. Beginning in 1982, Congress restricted more and more offshore areas through annual Department of the Interior (DOI) appropriations. DOI has authority over the OCS, which includes most areas more than three miles offshore. Through this annual process, Congress chose to deny DOI the funding necessary to conduct leasing of new offshore areas to oil and natural gas companies.

These off-limits areas comprise 85 percent of the OCS—almost everywhere except the central and western Gulf of Mexico—and the congressional

moratoria have become a standard feature of each year's DOI appropriations bill. Until recent years, these restrictions were easily renewed with little controversy, but with the dramatic rise in oil and natural gas prices, as well as the desire to reduce oil imports from unfriendly foreign countries, there have been several legislative efforts to roll them back. Thus far, none of these efforts has been successful.

Most recently, H.R. 6108, the Deep Ocean Energy Resources (DOER) Act, would allow each coastal state to decide whether and where it wants drilling off its coast. Beyond 100 miles from the coast, states would not have veto power; thus, deep-water areas would be open to exploration and production. The bill also has provisions for revenue sharing between the federal government and each state that allows drilling, similar to provisions that allow drilling on federal lands. The bill is modeled after the 2006 DOER Act, which passed the House but was never considered in the Senate.

Lifting the White House Opposition to Drilling. In 1990, President George H. W. Bush issued a presidential directive restricting new offshore exploration and drilling. In 1998, President Bill Clinton extended these restrictions through 2012. The cur-

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rent President has not seen fit to lift the moratorium, and he was unhelpful during debate over the 2006 DOER Act.

Now the President has signaled that he will support legislation opening the OCS. If Congress is serious about addressing high energy costs, it should quickly send legislation to the President that removes restrictions on these vital energy reserves.

Tremendous Energy Potential with Limited Risk. These restrictions effectively banned new offshore energy production off the Atlantic and Pacific coasts, parts of offshore Alaska, and the eastern Gulf of Mexico. Recent DOI estimates put the amount of energy in these off-limits areas at 19.1 billion barrels of oil and 83.9 trillion cubic feet of natural gas—approximately 30 years' worth of imports from Saudi Arabia and enough natural gas to power America's homes for 17 years. It should also be noted that these initial estimates tend to be low.

OCS restrictions are a relic of the past. They were put in place at a time when energy was cheap, the

need for additional domestic supplies was not seen as dire, and the political path of least resistance was to give in to environmentalists. All that has changed, with more than a quadrupling of oil and natural gas prices since the restrictions were first imposed. Extra energy is badly needed, and the risk of producing it has been reduced. All new drilling would be subject to strict safeguards and would require state-of-the-art technology with a proven track record for limiting the risk of spills.

Conclusion. The President can bring America one step closer to accessing promising sources of domestic oil and natural gas for decades to come. He should lift the existing executive moratorium against OCS exploration. More important, Congress must show the nation that it is serious about meeting our energy needs by supporting the production of American energy from American waters.

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