

# WebMemo



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## Congressional Moratorium on Offshore Drilling in the Outer Continental Shelf Should Be Allowed to Expire

*Ben Lieberman*

The clock is ticking on the congressional moratorium on access to billions of barrels of domestic oil beneath American waters. President Bush already rescinded the White House prohibitions on access to this energy, so the congressional restrictions are the only thing standing between 19 billion barrels of additional domestic oil and the citizens who need it. If Congress does not act to renew these outdated, anti-energy, and anti-consumer restrictions, these areas will be opened to exploration and drilling beginning on October 1. Some are calling this Energy Freedom Day, and it would be a welcome and long overdue step toward dealing with high gasoline prices.

**Overlapping Restrictions.** As it stands right now, 85 percent of America's territorial waters are off-limits to energy exploration and production. Beginning in 1982, Congress restricted more and more areas through annual Department of the Interior (DOI) appropriations. DOI has authority over the Outer Continental Shelf (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 companies. It is important to note that Congress could have, at any time, passed a law permanently putting these areas out of reach, but it chose not to do so. The restrictions must be renewed annually.

These off-limits areas have grown, and now comprise nearly the entire coasts of the Pacific and Atlantic oceans and the eastern Gulf of Mexico—

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

In 1990, President George H. W. Bush issued a presidential directive withdrawing new areas from offshore exploration and drilling. These White House restrictions overlapped the congressional ones. In 1998, President Clinton extended these restrictions through 2012. For his first seven years in office, the current President had not seen fit to lift them. Skyrocketing gasoline prices changed that, and last month President George W. Bush eliminated the executive branch restrictions and urged Congress to do the same. The ball is now in Congress's court.

**The Energy Potential.** Recent DOI estimates are that these off-limits offshore areas contain 19.1 billion barrels of oil, the equivalent of 30 years of current imports from Saudi Arabia. It should also be

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(202) 546-4400 • [heritage.org](http://heritage.org)

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noted that these initial energy estimates often prove to be low. For example, in the central and western Gulf of Mexico—the only offshore area not severely restricted—production has already exceeded original expectations by several billion barrels, and it is ongoing.

Improved technologies have allowed this oil to be extracted with minimal risk of spills. Indeed, natural seepage from the sea floor is a much larger source of oil in American waters than is offshore drilling. Even safer technologies would be used in any future production.

It is worth noting that both the congressional and White House restrictions were first put in place at a time when gasoline was a little more than \$1 a gallon and the need for additional domestic oil supplies was not seen as critical. Clearly, times have changed.

**The Next Step for Congress.** Even if Congress does not pass a bill that affirmatively opens up these offshore areas, it could accomplish the same end by

simply letting the existing restrictions lapse. This Congress has not yet passed its DOI appropriations bill (or any other appropriations bill, for that matter), in large part because Republicans insisted on adding amendments to open up the OCS and the Democratic leadership would not allow a vote on them. The current appropriations—and their restrictions on DOI spending for offshore leasing—are set to expire on September 30.

The next day, October 1, could then be Energy Freedom Day. Of course, it will take time for DOI to lease these areas and for the energy companies to develop them, but the process can at least begin. And given the strong public support for expanded domestic drilling, we can not start soon enough. When Congress does finally write its budget legislation, it should not stand in the way of Energy Freedom Day.

—Ben Lieberman is Senior Policy Analyst in Energy and the Environment in the Thomas A. Roe Institute for Economic Policy Studies at The Heritage Foundation.