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The Obama Administration Should Not Delay Offshore Oil and Gas Leasing

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Last July, President Bush responded to public anger over $4.00 a gallon gasoline and rescinded the longstanding executive moratorium on offshore leasing for oil and natural gas. Congress followed suit by allowing its own restrictions to lapse on October 1. But now, the Obama Administration has taken steps to slow down the process of leasing these areas to energy companies, and some fear that expanded offshore drilling will be put off indefinitely. Delay would be a mistake and should be kept to a minimum, as additional domestic oil is still badly needed.

Background. For many years, 85 percent of America's territorial waters—including most of the Pacific, Atlantic, and eastern Gulf of Mexico—were off limits to oil and natural gas exploration and drilling.[1] The U.S. is the only nation that has restricted its own energy supply to this extent. An estimated 19 billion barrels of oil—nearly 30 years of current imports from Saudi Arabia—as well as substantial natural gas reserves are estimated to lie beneath these restricted areas.[2] And it should be noted that these initial estimates in under-explored areas tend to be on the low side.

Most of these restrictions were put in place at the behest of environmentalists and other drilling opponents in the late 1980s and 1990s, a time when gasoline was cheap and the need for additional supplies was not seen as great. But they have remained in place in recent years, even as gasoline hit $2.00 and then $3.00 a gallon and state-of-the-art drilling technology has amassed a proven record of reducing the environmental impacts and risk of spills.[3]

However, when prices hit $4.00 a gallon last summer, a fed-up public clamored for action, and polls showed more than 2–1 support for offshore drilling. President Bush and Congress finally listened and belatedly removed the legal restrictions governing drilling in new offshore areas.

Delay, Baby, Delay. The next step in the process is for the Department of the Interior's Minerals Management Service (MMS) to offer these areas for lease. MMS took the first step in this process when it published its 2010–2015 Draft Proposed Program on January 21. It included a 60-day period for comments. Signaling this deadline might be postponed indefinitely, President Obama's new secretary of the interior, Ken Salazar, announced that he is extending the comment period by six months and ordered the agency to gather additional information on the estimated amounts of oil and natural gas in these offshore areas.[4]

By itself, a six-month delay is not unreasonable, but Secretary Salazar's comments when announcing the change suggest that he may try to drag out the offshore leasing process much longer than that, and perhaps for the length of his tenure. First, he mischaracterized the initial proposal, which MMS formulated prior to Obama taking office, as "a head-

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long rush of the worst kind." In reality, the announced 60-day comment period, far from being a point of no return, was merely the first of several steps in the energy leasing process. This process already contains several opportunities for environmentalists, coastal state governments, or others to weigh in with any objections or concerns. Wanting additional time for this first step suggests that Salazar may be launching a strategy of paralysis by analysis.

Further, Salazar has downplayed the benefits of additional oil, attacking the original proposal as a "drill-only approach" that excluded offshore renewable energy sources like wind and wave power. "The Bush Administration was so intent on opening new areas for oil and gas offshore that it torpedoed offshore renewable energy efforts," he said. These statements, in addition to being untrue (the same day the Bush Administration announced the proposed plan for oil and gas leasing, it also announced a proposal moving ahead with a major offshore wind energy project), also make no sense from an energy policy standpoint. These offshore renewable projects at issue are for electricity (and very expensive electricity at that) and thus would do nothing to help America meet its growing need for liquid fuels for its citizen's cars and trucks. Any Administration attempts to obfuscate the need for more offshore oil with diversions about these politically correct renewables will not do the American driving public one bit of good.

"Drill Now" Still a Good Idea. The days of $4.00 a gallon gas are gone for now, and with them the front-burner status of "drill, baby drill." Nonetheless, this is no time for complacency. The only reason for the sharp drop in oil and pump prices is a decline in demand due to the recession. But recessions do not last forever. Unless America begins to take action to increase supplies, prices will go right back up as soon as the economy turns around and demand picks up. Further, the process by which energy companies obtain a lease, explore for oil and gas, and then produce it takes a number of years to unfold, so the time to start things is now.

Expanded offshore drilling would also create jobs,[5] and unlike the taxpayer-funded jobs in the proposed stimulus package, the jobs created by a reinvigorated domestic energy industry would be well-paying, long-term, and funded entirely by the private sector. And since the extra energy produced would help bring down future oil and natural gas prices, it would truly be a win-win for both producers and consumers.

Don't Turn Back. Though this proposal was crafted by the outgoing Bush Administration, the Obama Administration would do well to continue with it. It sets out a sensible plan for moving expeditiously but not recklessly toward leasing new areas. The offshore oil and natural gas leasing process should not be delayed beyond the six months announced. The American people would be best served if this process leads expeditiously toward substantially expanded domestic offshore energy production in the years ahead.

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3. Department of Energy, Office of Fossil Energy, "Environmental Benefits of Advanced Oil and Gas Exploration and Production Technology," October 1999, at *http://fossil.energy.gov/programs/oilgas/publications/environ_benefits/env_benefits.pdf* (February 19, 2009).
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