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The American Energy Act: An Energy Bill with Some Real Energy in It

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It should be obvious, but in Washington it is often not: A big part of the solution to America's energy challenges involves making better use of the resources available beneath American soil and territorial waters.

Unfortunately, the federal government has either locked up much of these oil and natural gas reserves or tied them up with insurmountable red tape. While the current Congress and Administration's idea of smart energy policy is to add to this already-daunting regulatory burden, the recently introduced American Energy Act strikes a blow for fewer constraints and more domestic energy in the years and decades ahead.

The Problem. No other nation on earth has placed as much of its domestic energy potential off-limits as has the U.S. This includes America's offshore areas, 85 percent of which cannot be touched, as well as vast onshore areas that are off-limits as well. Even in those areas where drilling for oil and natural gas is not prohibited outright, it is subject to onerous regulatory requirements that effectively make it so.

The Department of Energy estimates that nearly 20 billion barrels of recoverable oil lie beneath restricted waters, the equivalent to nearly 30 years worth of current imports from Saudi Arabia. Substantial offshore natural gas reserves are also restricted. An equivalent amount of oil and gas lies beneath off-limits onshore areas.

Most notably, America's single greatest concentration of untapped oil—an estimated 10 billion

barrels—lies beneath several thousand acres near the edge of Alaska's 19.6 million-acre Arctic National Wildlife Refuge. Recent U.S. Geological Survey reports suggest even more oil in Alaska and in the Arctic waters to the north.

It should be noted that, precisely because these areas have been off-limits to thorough exploration using modern techniques, these estimates of energy potential are preliminary. And such initial estimates often prove to be on the low side.

The only reason not to drill—environmental concerns—has been greatly reduced with technological advances in exploration and drilling that have substantially decreased the above-ground footprint as well as the risk of spills. The oil and gas industry's track record—even through such challenges as Hurricane Katrina roaring through the one offshore area where there are many rigs and doing so without a single significant spill—attests to this safety.

Rather than move ahead with producing this energy, the current Congress and Administration seem intent on keeping it locked up. Last year, in the wake of \$4 a gallon gas, President Bush and Congress rescinded the longstanding restrictions on

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offshore energy production. But the process of actually leasing these new areas is the responsibility of the Department of the Interior.

Unfortunately, new Secretary of the Interior Ken Salazar has taken a paralysis-by-analysis approach, dredging up every excuse not to produce energy in these areas. He has also sought to block progress on oil shale, a promising source of oil trapped in rock under parts of Colorado, Utah, and Wyoming. Interior has even cancelled some existing oil and gas leases.

Congress is no better, with several pending bills that would impose new requirements further restricting domestic energy production or at least making it prohibitively expensive.

The American Energy Act: A Big Step in the Right Direction. The American Energy Act would sweep away enough of the restrictions and regulatory delays to foster an increase in domestic drilling in the years ahead, but it would still leave plenty of environmental protections in place.

Specifically, it unambiguously opens up new offshore areas and expedites the process of new lease sales. It also incentivizes coastal states to be partners in offshore energy by giving them a share of the revenues. In addition to maintaining sufficient environmental protections, the bill adds provisions preventing offshore wells from marring coastal views.

Onshore, the bill provides for expeditious leasing of ANWR subject to extensive (perhaps too extensive) environmental protections. It also streamlines the regulatory and litigation process that can otherwise slow or stop energy production. The bill also contains provisions for continued oil shale development.

Stopping new impediments is as important as cutting through old red tape and restrictions. Con-

sequently, the bill seeks to prevent new anti-energy regulations from being imposed. In particular, it precludes the Environmental Protection Agency from misusing the Clean Air Act to regulate carbon dioxide emissions from fossil fuels and also stops the Department of the Interior from doing the same using the Endangered Species Act.

Otherwise, these costly and unnecessary measures would greatly hamper domestic energy production and drive up energy prices in pursuit of an ineffective strategy to fight an overstated global warming threat.¹

The bill has some ill-advised provisions, such as those providing tax incentives for politically correct alternative energy sources like wind and solar energy. To the extent these alternatives hold any real promise, they would not need such assistance.

The bill also directs some of the new oil and gas revenues toward federal programs to develop alternatives, although such government efforts have a poor track record. While such provisions do squander resources and undercut the free-market theme of the bill, the good in the American Energy Act easily outweighs the bad.

A Positive Step. Overall, the American Energy Act seeks to undo many of the mistakes in current U.S. domestic energy policy and allow the free market to provide more of the energy America needs. This bill would mean more supplies of domestic oil and natural gas, creating thousands of energy industry jobs and lowering prices for consumers and businesses. It is a positive step toward addressing the nation's future energy demands.

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1. Ben Lieberman, "Five Reasons the EPA Should Not Attempt to Deal with Global Warming," Heritage Foundation *WebMemo* No. 2407, April 23, 2009, at <http://www.heritage.org/Research/EnergyandEnvironment/wm2407.cfm>; Ben Lieberman, "Global Warming: Using the Polar Bear to Impose Costly Measures," Heritage Foundation *WebMemo* No. 2319, March 2, 2009, at <http://www.heritage.org/Research/EnergyandEnvironment/wm2319.cfm>.