

# WebMemo



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## Need for Moratorium Mitigated by New Oil Spill Response Capacities

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In the wake of the Deepwater Horizon disaster, the Obama Administration initiated a moratorium on deepwater oil exploration that impacted approximately 33 ongoing operations. Furthermore, because of concerns over the unpredictability of moratoria politics, the Obama Administration's opposition to deepwater drilling has led to a *de facto* ban on all drilling, whether in deep or shallow water. Indeed, permit requests have already been ignored for some shallow-water drillers without explanation from federal regulators. This moratorium has already had a detrimental impact on the economy Gulf region and may potentially be as harmful as any of the consequences of the spill.

From a preparedness and response perspective, the continuation of the moratorium is unjustified. While the federal response to Deepwater Horizon was slow in organizing, Washington now has a Ph.D. in response with new procedures, assets, and technologies for dealing with spills. Additionally, the federal government's knowledge of the dynamics of deepwater spills is vastly improved. Given that these incidents are already extremely rare, the benefits of banning drilling and the risks of future spills are far outweighed by the economic costs of hamstringing Gulf water drilling operations. The Administration should lift its moratorium immediately.

**Adding Catastrophe to Disaster.** The National Ocean Industries Association reports that more than 200,000 jobs across the Gulf Coast are tied to the offshore drilling industry. Specifically, 35,000 workers are directly involved in daily operations on the

rigs. The American Petroleum Institute has concluded that more than 120,000 Gulf Coast jobs could be lost if the drilling ban continues. At the same time, many operators may move their drilling assets to other operations around the world, meaning that it would be years before these assets would be available for drilling in the Gulf. The costs of the Administration's ban are real and mounting. Any possible benefits gained from the ongoing moratorium should be measured against these losses.

The Administration proposed the moratorium in order to assess the safety of deepwater drilling practices. The fact that significant spills have become increasingly rare suggests that this caution was imprudent. The courts agreed: Federal judge Martin Feldman found the moratorium "arbitrary and capricious," a ruling that was quickly upheld by a federal appeals court. Nevertheless, Interior Secretary Ken Salazar announced a new moratorium on deepwater drilling. As result, the damage to the Gulf energy industry and the local economies continues to grow.

**New Response Capacity Mitigates Risks.** While Deepwater Horizon incident revealed flaws in the federal oversight process, suspending drilling

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operations is not the best strategy for mitigating risks while Washington gets its own house in order. As a result of this incident, the U.S. capacity to respond to even the most catastrophic failures has been greatly expanded and enhanced. Given that major spills are already rare, resuming drilling would be the more prudent course.

The federal response to the Deepwater Horizon spill was conducted under the authorities of the Oil Spill Act of 1990, using existing plans and procedures for responding to “spills of national significance.” Initially, the federal response was inadequate. The federal government was unable to organize effective recovery and response operations before major oil flows made landfall, damaging sensitive marshlands, forcing the closing of fishing grounds, and making tourist beaches off-limits.

The federal government was also slow to evaluate, accept, and integrate international assistance. Likewise, the government was challenged in coordinating the federal response, such as permitting requests managed by the Army Corps of Engineers or reacting rapidly to oil spills. (Within 24 hours, spills could shift directions dramatically and rise or sink before responders could reach the scene.) Operations had to be coordinated through five layers of approval and command before responders could be dispatched to the scene.

In the weeks following the spill, the Coast Guard, serving in the role as the federal on-scene coordinator, worked diligently to address the shortfalls of the response by establishing liaisons at the state and county/parish level and creating forward operating branches to ensure quicker reactions. In the end over 45,000 personnel, a fleet of about 6,000 craft, and over 11 million feet of boom (used to block, channel, or absorb oil) were deployed. New technologies and assets were introduced to deal with everything from cleaning beaches to decontamination and disposal of hazardous waste.

As a result of the combined efforts of federal, state, and local governments as well as the private sector and international assistance, the United States now has unprecedented capacity and experi-

ence in responding to spills of national significance. Given that these spills are already rare, the risk of damage from major spills is now greatly reduced.

National responders now understand a good deal more about the consequences of a major deep-water spill in the Gulf. The warm waters of the Gulf, the lightness of the crude, and wave and storm action speed the decomposition of the oil. Likewise, the distance that the oil must travel to the surface, as well as the distance from land, allow for more time to respond and for the oil to weather. If the federal response to Deepwater Horizon had been more prompt and well-organized at the onset, more of the initial damage done by the oil that did make landfall might have been averted. Nevertheless, the fact is that now these capabilities are in place. The U.S. now has the capacity and the resources to effectively respond to a major spill in the Gulf.

**Stop the Damage.** As a result of these new capacities, the Administration should:

- Lift the drilling moratorium;
- Integrate the lessons learned from the response to ensure that it retains the capacity and skill to respond to spills of national significance over the long term; and
- Bolster the resources of the U.S. Coast Guard—including the National Strike Team assets that respond to spills, the service’s ship and aviation fleet, and the size and training of the Coast Guard reserve, which were taxed to support operations.

**Toward the Future.** Like real wars, the Administration should be preparing to fight the next war, not the last one. Drilling is critical to the economies of both the Gulf and the entire nation. Gutting these operations because of the last spill makes no sense.

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