

WebMemo



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Interior's Energy Inventory: Abundant Domestic Supplies Off-Limits

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The more we look for oil and natural gas in the United States, the more we find. A new Department of the Interior (DOI) report concluded that there are substantial onshore deposits of energy on federal lands. A companion study of offshore energy reserves released earlier this year reached the same conclusion. But in both reports, DOI found that much of this energy is either explicitly off-limits or hampered by regulatory constraints that effectively make it so. At least part of the solution to high oil and natural gas prices lies right under our feet, but Congress has thus far failed to change the laws and regulations that keep this domestic energy locked up.

The 2005 energy bill required DOI to update its inventory of oil and natural gas deposits on federal lands. Federal lands are critical to the energy policy debate because most of America's onshore energy is located in the West and in Alaska, where more than half the land is under federal control. DOI was also required to consider the legal and regulatory impediments to leasing these lands to oil and gas companies and quantify how much energy is off-limits due to these restrictions.

DOI's Bureau of Land Management (BLM) recently published its *Scientific Inventory of Onshore Federal Lands' Oil and Gas Resources and the Extent and Nature of Restrictions or Impediments to Their Development*. The report concludes that onshore federal lands are "estimated to contain 187 trillion cubic feet of natural gas and 21 billion barrels of oil, which represents 76 percent of onshore Federal

oil and gas resources." That 187 trillion cubic feet of natural gas is enough to supply all of America's households for 39 years, and 21 billion barrels of oil represents over 30 years' worth of current imports from Saudi Arabia.

At the very least, bringing this energy online would have taken the edge off the price spikes consumers have suffered in recent years. And it could keep a lid on runaway prices for decades to come.

But "just 3 percent of onshore Federal oil and 13 percent of onshore Federal gas are accessible under standard lease terms," according to the BLM report. In other words, only this tiny percentage of energy can be accessed without serious legal or regulatory impediments. In addition, "46 percent of onshore Federal oil and 60 percent of onshore Federal gas may be developed subject to additional restrictions, including no surface occupancy."

Most disturbing of all, "51 percent of the oil and 27 percent of the gas are presently closed to leasing." This energy is completely off-limits.

Granted, few Americans want unrestricted oil and natural gas wells in our treasured National Parks or other areas of scenic, environmental, or historical

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significance. However, the drilling restrictions on federal land surpass such reasonable limits. This is especially true because advances in drilling technology that have dramatically reduced both the above-ground environmental footprint and the risk of spills.

A companion offshore report, also conducted pursuant to the energy bill, reads much the same. In this report, DOI found that an estimated 19.1 billion barrels of oil and 83.0 trillion cubic feet of gas lie in federally-controlled territorial waters that are off limits to leasing and development. The amount of offshore energy that is off-limits could be far greater, because DOI's initial energy estimates usually tend to be low.

Thus far, congressional efforts to reduce the red tape holding back domestic energy production have fallen short. This includes numerous failed efforts to allow access to a small portion of Alaska's Arctic National Wildlife Refuge, the site of 10 billion barrels of oil that is now off-limits. Congress did recently pass a very limited offshore energy bill, but

only after it was dramatically scaled back to the point that it keeps nearly all current restrictions in place. Also unsuccessful were efforts to streamline the unnecessarily cumbersome environmental requirements under such statutes as the National Environmental Policy Act and Endangered Species Act. Given the change in congressional leadership, such measures are even less likely to succeed in 2007.

In addition to spreading overblown admonitions about the environmental impact of drilling, many anti-energy activists and politicians insist that America's untapped oil and gas reserves are merely a "drop in the bucket" and therefore not worth the bother. But the Department of the Interior reports put the lie to this claim. As Congress once again addresses energy issues, it should not ignore the significant amount of energy right here in America and should take the steps needed to make this energy available to the American people.

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