

# Open Access to Drilling and Conduct Lease Sales

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016-2020	2016-2025
\$0	\$400	\$1,000	\$700	\$300	\$800	\$900	\$400	\$600	\$567	\$2,400	\$5,667

## Heritage Recommendation:

Open access to energy exploration and development on non-park, non-wilderness lands, and remove bans on drilling off America's territorial waters. This proposal saves \$5.7 billion over 10 years.

## Rationale:

An abundance of untapped energy lies beneath America's ground and off the coasts. The United States is the only country in the world that has placed a majority of its territorial waters off-limits to oil exploration. Furthermore, production on federal lands is decreasing while production on private and state-owned lands is skyrocketing.

Congress should lift the ban on exploration in the eastern Gulf of Mexico and the Atlantic and Pacific coasts, and should conduct more lease sales off Alaska's coasts. Another obvious area in which to expand oil production is Alaska's Arctic National Wildlife Refuge (ANWR), where an estimated 10.4 billion barrels of oil lie beneath a few thousand acres that can be accessed with minimal environmental impact. Congress should require the Secretary of the Interior to conduct lease sales if a commercial interest exists to explore and drill. Congress should also provide the funding, if necessary, for the federal government to hire personnel to conduct new lease sales after opening America's territorial waters and currently blocked onshore areas.

Federal and state governments would stand to benefit as well since increased production would increase revenues from bonus bids (for new leases), royalties, rents, and increased economic activity. States receive 50 percent of the revenues generated by onshore oil and natural gas production on federal lands and Congress should apply this allocation offshore as well. Drilling off states' coasts and allowing them a larger share of the royalty revenue would encourage more state involvement in drilling decisions. Offshore drilling would promote state and local government participation in allocating funds as well, whether closing a state's deficit or coastal restoration and conservation.

## Additional Reading:

- Nicolas Loris, "Ten Actions Congress Can Take to Lower Gas Prices," Heritage Foundation *Background* No. 2689, May 12, 2012, <http://www.Heritage.org/research/reports/2012/05/ten-actions-congress-can-take-to-lower-gas-prices>.

## Calculations:

Savings based on 2014 CBO budget options, specifically option 1, in CBO, "Options for Reducing the Deficit: 2015 to 2024," November 2014, <http://www.cbo.gov/sites/default/files/cbofiles/attachments/49638-BudgetOptions.pdf>. The CBO score includes savings figures through 2024. Because there is no trend in the savings, we assume that 2025 savings are equal to the average savings levels estimated by the CBO for 2016-2024.