Open Access to Drilling and Conduct Lease Sales

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:

Calculations:

#105

SAVINGS IN MILLIONS OF DOLLARS

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