



The Bias Against Oil And Gas

By Robert J. Samuelson
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Considering the brutal recession, you'd expect the Obama administration to be obsessed with creating jobs. And so it is, say the president and his supporters. The trouble is that there's one glaring exception to their claims: the oil and natural gas industries. The administration is biased against them -- a bias that makes no sense on either economic or energy grounds. Almost everyone loves to hate the world's Exxons, but promoting domestic drilling is simply common sense.

Contrary to popular wisdom, the United States still has huge oil and natural gas resources. The outer continental shelf (OCS), including parts that have been off-limits to drilling since the early 1980s, may contain much natural gas and 86 billion barrels of oil, about four times today's "proven" U.S. reserves. The U.S. Geological Survey recently estimated that the Bakken formation in North Dakota and Montana may hold 3.65 billion barrels, more than 20 times a 1995 estimate. And there's upward of 2 trillion barrels of oil shale, concentrated in Colorado. If only 800 billion barrels were recoverable, that would be triple Saudi Arabia's proven reserves.

None of these sources, of course, will quickly provide oil or natural gas. Projects can take 10 to 15 years. The OCS reserve estimates are just that. Oil and gas must still be located -- a costly and chancy process. Extracting oil from shale (in effect, a rock) requires heating the shale and poses major environmental problems. Its economic viability remains uncertain. But any added oil could ultimately diminish dependence on imports, now almost 60 percent of U.S. consumption, while exploration and development would immediately boost high-wage jobs (geologists, petroleum engineers, roustabouts).

Though straightforward, this logic mostly eludes the Obama administration, which is fixated on "green jobs" and wind and solar energy. Championing "clean" fuels has become a political set piece. On Earth Day (April 22), the president visited an Iowa factory that builds towers for wind turbines. "We can remain the world's leading importer of oil, or we can become the world's leading exporter of clean energy," he said.

The president is lauded as a great educator; in this case, he provided much miseducation. He implied that there's a choice between promoting renewables and relying on oil. Actually, the two are mostly disconnected. Wind and solar mainly produce electricity. Most of our oil goes for transportation (cars, trucks, planes); almost none -- about 1.5 percent -- generates electricity. Expanding wind and solar won't displace much oil; someday, electric

cars may change this.

For now, reducing oil imports requires using less or producing more. Obama has attended to the first with higher fuel-efficiency standards for vehicles. But his administration is undermining the second. At the Interior Department, which oversees public lands and the OCS, Secretary Ken Salazar has taken steps that dampen development: canceling 77 leases in Utah because they were too close to national parks; extending a comment period for OCS exploration to evaluate possible environmental effects; and signaling more caution toward shale for similar reasons.

Any one of these alone might seem a reasonable review of inherited policies, and it's true that Salazar has maintained a regular schedule of oil and gas leases. Still, the anti-oil bias seems unmistakable. Conceivably, Salazar may reinstate administratively many restrictions on OCS drilling that Congress lifted last year. Meanwhile, he's promoting wind and solar by announcing new procedures for locating them on public lands, including the OCS. "We are," he says, "setting the department on a new path" -- emphasizing renewables.

It may disappoint. In 2007, wind and solar generated less than 1 percent of U.S. electricity. Even a tenfold expansion will leave their contribution small. By contrast, oil and natural gas now provide two-thirds of Americans' energy. They will dominate consumption for decades. Any added oil produced here will mostly reduce imports; extra natural gas will mostly displace coal in electricity generation. Neither threatens any anti-global warming program that Congress might adopt.

Encouraging more U.S. production would also aid economic recovery, because the promise of "green jobs" is wildly exaggerated. Consider: In 2008, the oil and gas industries employed 1.8 million people. Jobs in the solar and wind industries are reckoned (by their trade associations) to be 35,000 and 85,000, respectively. Now do the arithmetic: A 5 percent rise in oil jobs (90,000) approaches a doubling for wind and solar (120,000). Modest movements, up or down, in oil will swamp "green" jobs.

Improved production techniques (example: drilling in deeper waters) have increased America's recoverable oil and natural gas. The resistance to tapping these resources is mostly political. To many environmentalists, expanding fossil fuel production is a cardinal sin. The Obama administration often echoes this reflexive hostility. The resulting policies aim more to satisfy popular prejudice -- through photo ops and sound bites -- than national needs.

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