Lawrence Solomon: Liberate U.S. oil

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Reuters

The United States has more oil recoverable from shale than any other country in the world.

***‘Drill, baby, drill’ policy would eliminate dependence on OPEC***

**By Lawrence Solomon**

Richard Nixon was the first U.S. president to vow and fail to wean the United States off its dependency on Middle Eastern oil. Barack Obama will be the last. The United States today has the wherewithal to become independent in energy. Once Obama goes, it will also have the will.

Obama and previous presidents failed by ignoring economics in favour of environmental prescriptions of the day — they lowered highway speed limits, imposed mileage standards, turned down thermostats, subsidized electric and hydrogen-fuelled vehicles, and subsidized just about every kind of alternative energy imaginable, from synfuels to nuclear to solar to ethanol to wind.

Just about the only thing they didn’t do — and the one thing that just about any successor to Obama will do in spades — is aggressively deregulate oil and gas development, both on and offshore. Today’s Republican dream of “Drill, baby, drill” will be tomorrow’s universal standard.

A Rasmussen poll this week shows why. A striking 75% of American voters want more oil and gas drilling in the United States, and the percentage is higher still among Republicans and independents, those to whom a Republican president would be beholden. More significantly, most Americans oppose Obama’s ban on offshore drilling in parts of the Gulf of Mexico and off the East Coast: 67% of American voters favour offshore drilling and 59% favour deep-water drilling. And the number of Americans who blame humans for global warming has dropped to one-third as the credibility of environmentalists decline. Little wonder that the drumbeat for removing restrictions on fossil fuel development steadily grows stronger.

How feasible is it for the United States to achieve energy security, when oil imports have doubled since Nixon’s promise to eliminate them? The United States can have energy security whenever it wants it.

Of the 9.2 million barrels of oil per day that the United States today imports, six million come from the OPEC cartel. About half of those OPEC imports, or three million barrels per day, could be wiped out in the next decade through the oil industry’s existing plans if governments don’t intervene.

“This is very big and it’s coming on very fast,” stated Daniel Yergin, chairman of IHS CERA and one of the most respected authorities in the world, in an interview last month with The New York Times. “This is like adding another Venezuela or Kuwait by 2020, except these tight oil fields are in the United States.”

Yergin is referring to a revolution well underway — despite government foot-dragging — in new technologies that are obtaining oil from shale and other so-called “tight rock” formations. The Eagle Ford field in south Texas, entirely unknown until recently, is already producing 100,000 barrels a day. One independent company, Chesapeake Energy, expects to hit 500,000 barrels a day by 2020 from the 3,000 wells it’s planning to drill. Other companies that have flocked to this giant field in south Texas, including Chinese, European and Canadian oil multinationals, are investing billions of dollars to drill wells by the thousands in Eagle Ford.

But Eagle Ford is only one of 20 hot new shale oil fields, and not even the largest. The larger Bakken oil field in North Dakota, long known but considered uneconomic until a few years ago, already produces 400,000 barrels a day and is expected to reach one million barrels a day by 2020. And the Green River formation, located within Colorado, Wyoming and Utah, contains some six trillion barrels of oil, of which, according to the U.S. Department of Energy, approximately 1.38 trillion barrels — or five Saudi Arabias — are potentially recoverable.

All told, the United States has more oil recoverable from shale than any other country in the world. Remarkably, the new technologies now in use allow many of these wells to become profitable in a mere eight months, compared to a typical two years for conventional oil operations, helping to explain the new oil rush.

Not that the United States even needs shale and tight rock oil to blow off OPEC. According to the U.S. government’s Congressional Research Service, America’s federal lands contain an estimated 163 billion barrels of technically recoverable conventional oil, enough to replace all Persian Gulf imports while maintaining America’s current rates of production. Most of those conventional barrels are today beyond reach, either because the cost of pulling them out of the ground is too high with today’s technology or because government policies either discourage or ban their exploration on environmental grounds. The ban is especially sweeping for offshore oil, where some 85% of the 1.76 billion acres of American coastal waters is off limits to new drilling.

Those bans would largely be swept aside should any Republican become president in 2012, or under any president, Democrat or Republican, in 2016. One large reason, ironically, is the aftermath of the horror that was the BP Gulf oil spill last year. That seemingly never-ending worst-case blowout demonstrated to the oil industry the need to protect its bottom line by upgrading safety, it demonstrated to government regulators the dangers in their laxity, and it demonstrated to the public at large the resiliency of Mother Nature: One year after the blowout, the damage is seen to be much smaller than once feared and most consider the cleanup to be all but complete, thanks less to human efforts than to nature’s awesome recuperative capacities.

America’s will to wean itself off foreign oil dependency will come less from the declining credibility of environmentalists, however, than from economic imperatives — the need of the federal government and many states to avoid a default on their debts and to avert bankruptcy. The United States spends US$1-billion a day on imported oil, making it the chief contributor to America’s balance of payments deficit. A drill-baby-drill policy would represent America’s single biggest boost to the economy and the single biggest spur to new jobs, providing hundreds of billions in royalties and taxes a year to governments as people and companies get back to work. Most importantly, it would put a lie to the sinking sense that so many Americans have, that America’s best days are behind it.

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For the Rasmussen survey on American voter’s desire to drill, click [here](http://probeinternational.org/library/wp-content/uploads/2011/06/75%25-Say-U.S.-Not-Doing-Enough.pdf).