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The Bias Against Oil and Gas

Expanding any fossil-fuel production offends many Americans. But policies placating this prejudice aren't in our national interest.

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Considering the brutal recession and the widespread warnings of a feeble recovery, you'd expect the Obama administration to be obsessed with job creation. And so it is, say the president and his supporters. The trouble is that there's at least one glaring exception to their claims: the oil and natural-gas industries. The Obama administration is biased against them—a bias that makes no sense on either economic or energy grounds. Almost everyone loves to hate Big Oil (the Exxons and Chevrans), and even small oil, 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, about 22 times a 1995 estimate. And then there's upwards of 2 trillion barrels of oil shale, concentrated in Colorado. If 800 billion barrels were recoverable, that's triple Saudi Arabia's proven reserves.

None of these sources, of course, will quickly provide much oil or natural gas. Projects take 5, 10, 15 years. The OCS estimates are just that. The oil and gas must still be located—a costly, chancy and time-consuming process. Extracting oil from shale (in effect, a rock) requires heating the shale and poses major environmental problems. Its economic viability remains uncertain. But added oil from any of these sources could ultimately diminish dependence on imports, now almost 60 percent of U.S. consumption, while the exploration and development process would immediately boost high-wage jobs (geologists, petroleum engineers, roustabouts, steelworkers).

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. "It's time for us to [begin] a new era of energy exploration in America," he said. "We can remain the world's leading importer of oil, or we can become the world's leading exporter of clean energy."

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. About 70 percent of our oil goes for transportation (cars, trucks, planes); almost none—about 1.5 percent—generates electricity. So expanding wind and solar won't displace much oil, though there might be some small effect on natural gas for heating. Someday, electric cars may change this. But at best, that's decades away.

For now, the only ways to reduce oil imports are to use less or produce more. Obama has paid some attention to the first with higher fuel-efficiency standards for vehicles. But his administration is undermining the second. At the Department of the Interior, which oversees public lands and the OCS, Secretary Ken Salazar has taken steps that dampen exploration and development: canceled 77 leases in Utah because they were too close to national parkland, extended a comment period for OCS exploration to evaluate possible environmental effects and signaled a more cautious policy toward shale for similar reasons.

Any one of these alone might seem a reasonable review of inherited policies, and it's true—as Interior officials say—that Salazar has maintained a regular schedule of oil and gas leases. Still, the anti-oil bias seems unmistakable. Salazar didn't just double the normal comment period on OCS from two months to four; he quadrupled it to eight months. Conceivably, he may reinstate administratively most of the restrictions on OCS drilling that Congress lifted last year. Meanwhile, he's encouraging 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. Their share of total U.S. energy use was still lower. Even a five- or tenfold expansion of these industries will leave their contribution small. By contrast, oil and natural gas now provide two thirds of Americans' energy. Rise or fall, they will dominate our consumption for decades. Any oil produced here will mostly reduce imports; added natural gas will tend to displace coal in electricity generation. Neither weakens any anti-global-warming program that Congress might adopt.

It's insane not to encourage U.S. production. The same is true on economic grounds because the promise of green jobs is wildly exaggerated. Look at the numbers. 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) almost equals a doubling for wind and solar (120,000). Modest movements, up or down, in oil and natural gas will swamp plausible changes in green jobs. They won't save the economy.

Improved exploration and production techniques—drilling in deeper waters, horizontal drilling, hydraulic "fracturing" (pumping liquids into fields to open up seams)—have increased America's recoverable amounts of oil and natural gas. The resistance to availing ourselves of these resources is mostly political and psychological. Among many environmentalists, the idea of expanding fossil-fuel production is a cardinal sin. It offends their religion. The Obama administration too often caters to this reflexive hostility. The resulting policies aim more to satisfy popular prejudice—through reassuring photo ops and sound bites—than meet the country's needs.

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