Rebutting the Arguments of Those Opposed to Offshore Drilling

The unnecessary energy crisis caused by our government can only be ended by you. After reading this book, you now know how we got into this mess and how to solve it, but it's up to you to write letters to your local newspaper, call into radio shows, call your congressman or senator, or do any number of other things that will build momentum and pressure for real change in America's energy policy so we can develop more American energy now.

This guide will give you some the key arguments and rebuttals you can use to help win the debate that will lead to more American energy now, lower prices, reduced dependence on foreign countries, and a cleaner environment.

Because the arguments against more American energy now are shifting so rapidly, and new and stranger arguments are being invented all the time, you can keep up to date on the debate by visiting AmericanSolutions.com

ARGUMENT AGAINST MORE AMERICAN ENERGY NOW:
Everyone knows drilling will not provide any short-term relief in the price of oil because it will take many years before new drilling will lead to new supplies.

REBUTTAL:

First, opening up large areas offshore, in Alaska, and in other places to drilling will almost certainly have an immediate impact in lowering prices at the pump. Martin Feldstein, former Chairman of the President's Council

of Economic Advisers, explained in a July 1, 2008 *Wall Street Journal* editorial that if we increase the amount of oil we will have in the future—which would happen if Congress lifted the moratorium on offshore and oil shale drilling and made onshore drilling easier—oil in the future will be worth less than it otherwise would be, and this lowers prices today.

Why? Imagine you're an oil producer. You're making a lot of money right now because there is a limited supply of oil, which means people are willing to pay more for the oil you produce. But what happens if you find out that there will be a lot more oil available in the future because the U.S. will start drilling for more of it? You know that people won't be willing to pay as much for your oil because there will be more oil available to meet their needs. So what do you do? You try to sell more oil now, when there is less supply and prices are higher. But because all the other oil producers have the same idea, the result is that there's an overall increase in supply of oil around the world—which lowers prices now.

The bottom line is this: opening up new oil and gas fields in the U.S. for development, even if new supplies will not actually reach our gas tank for several years, will immediately lower prices today.

Second, the argument that we should not pursue energy strategies if they take a long time to develop is really an argument against developing almost all forms of energy. Does this mean we should not pursue long-term alternative energy solutions like wind, solar, and hydrogen because these will all take a long time to develop? For example, it will take years before hydrogen fuel cells and electric cars will be able to decrease our use of oil. Likewise, new nuclear power plants will take years to build and so will new refineries.

This argument has been made by opponents of oil drilling for the last thirty years. In the case of ANWR, Congress passed a bill in 1995 to open up drilling there, but the measure was vetoed by President Clinton. It is now thirteen years since that veto. If we had only acted earlier, we would have

billions of barrels of more American oil today and significantly lower prices.

ARGUMENT AGAINST MORE AMERICAN ENERGY NOW:

The U.S. only has a small percentage (two to six percent) of the world's oil supply and since oil is a global commodity, our increased production will not affect prices much.

REBUTTAL:

First, the estimate that the U.S. has 2-6 percent of the world's oil supply does not hold up to scrutiny.

In oil shale alone, found in the Green River Formation in parts of Utah, Colorado, and Wyoming, the U.S. has at least 800 billion barrels of recoverable oil, over *three times the proven reserves of Saudi Arabia*. This comes from a midpoint estimate in a 2005 RAND study done at the request of the Department of Energy, and a higher-end estimate puts the number at over one trillion barrels.

Second, there are vast areas of the United States and its Outer Continental Shelf (OCS) where it is illegal to even look for oil. So it's entirely possible (or even probable) that the current estimates of our oil reserves are too low.

For example, when we first started drilling in Prudhoe Bay in Alaska, the estimates were that there were 9 billion barrels of oil in the ground. Fifteen billion barrels later, we're still drilling. Similarly, in 1984 the Minerals Management Service (MMS) estimated there were 6 billion barrels of oil and 60 trillion cubic feet of natural gas in the Gulf of Mexcio. Thirteen billion barrels of oil and 152 trillion cubic feet of natural gas later, we're still getting oil and gas out of the Gulf.

We really don't know how much oil we have until we begin more comprehensive exploring.

ARGUMENT AGAINST MORE AMERICAN ENERGY NOW:

We do not have enough oil in ANWR or the OCS to make any significant difference in reducing our dependence on foreign oil. Isn't it true that the oil in ANWR, for example, would only be enough to meet American energy needs for less than a year?

REBUTTAL:

This argument uses a clever technique in which the billions of barrels of oil recoverable from ANWR or the OCS are compared to how much oil Americans consume every day. The amount of reserve oil is then divided by the amount of daily consumption to see how many days of oil are contained in the reserve. Of course, this argument is totally unrealistic. No one is claiming that the U.S. could quickly switch over to using only domestic sources of oil. We're nowhere near being able to either produce or refine that much.

The truth is that the oil in these reserves would be used slowly and incrementally to replace some of the foreign oil we import. This means the oil would last us much longer than the short timeframes given by drilling opponents. As you learned in Chapter 3, producing just 1 million more barrels per day from the Pacific and Atlantic areas would provide 20 percent more domestic oil for the next four decades compared to current production.

ARGUMENT AGAINST MORE AMERICAN ENERGY NOW:

Oil companies currently have access to 68 million acres of leased public lands that contain large amounts of economically recoverable oil. Drilling in these areas could generate 4.8 million barrels a day, so opening up more land to drilling is unnecessary.

REBUTTAL:

The way people come up with the estimate of 4.8 million barrels is by assuming that all the acres that haven't been used yet will produce as much oil as those that have been used. But a lot of the land leased to oil companies has already been explored and was found not to have enough recoverable oil to justify drilling. So it makes no sense to assume that the unused acres would produce as much oil as the acres already used. At the same time, 97 percent of offshore areas haven't been leased to oil companies yet, and these are areas where we know there are billions of barrels of oil.

ARGUMENT AGAINST MORE AMERICAN ENERGY NOW:

Oil companies should be required to use the lands already available for drilling or lose the rights to them. Such a "use it or lose it" system would lead to a greater supply of oil while keeping in place the current bans to protect offshore areas.

REBUTTAL:

This policy is redundant, based on faulty assumptions, and unfair. First, oil companies are already required by the 1992 Comprehensive Energy Act to do all they can to develop the areas leased to them. Otherwise, they lose the lease. Randall Luthi, Director of the MMS, recently made it clear that if oil companies are not making significant progress on their leases "and I do mean significant progress toward actually producing — those leases come back and we sell them again."[1] As Congressman Gene Green (D-TX) recently pointed out, a "use it or lose it" requirement is redundant and will do nothing to increase supply since companies are already doing all they can to produce oil where it makes sense to do so on available land.

Second, this proposal is based on the idea that drilling will be profitable when it's carried out on any random piece of leased land. The truth is that most land does not contain enough oil to justify the investment it takes to produce oil from it. It takes millions and sometimes billions of dollars to

verify whether an oil well has enough oil to be worth drilling, and there is no guarantee that it will be. Only one in three onshore wells contain enough oil to make them commercially viable, and only one in five offshore wells have enough oil to warrant commercial drilling. Thus, it makes no sense for oil companies to start drilling on every acre of land. A "use it or lose it" requirement will not incentivize oil companies to drill more, as they will continue to drill only where it's likely to be profitable.

Third, it is unfair for Congress to require oil companies to drill according to some arbitrary Congressional deadline or timetable when the regulatory and legal obstacles to drilling that Congress has put in place make it difficult for companies to have any control over how quickly they begin to produce oil. For example, legal challenges to lease sales in the Rocky Mountains have risen from 27 percent of all leases in 2001 to 81 percent in 2007, according to government and industry records. These legal battles can drag on for some time. Congress can't expect oil companies to drill faster when it keeps making it harder to drill.

ARGUMENT AGAINST MORE AMERICAN ENERGY NOW:

Drilling in ANWR would destroy a pristine wilderness.

REBUTTAL:

Dramatic advances in technology have made it possible to drill in ANWR without causing any significant damage to the environment. We can drill while using a lot less area than we used to. For example, when the Prudhoe Bay drilling facilities in Alaska were constructed in the 1970s, gravel was laid down over 2 percent of the field for use in roads and drilling and production sites. Because of technological innovations, however, Prudhoe Bay could be developed today with 60 percent less land covered.

Similarly, in the 1970s production pads had to be spaced 100 feet or more apart, but new technologies allow for them to occupy much less space. A number of drills that would have once required sixty-five acres now only need nine, a sharp reduction in land usage.

To further minimize the human impact of drilling, oil companies have developed roads made from ice for use during winter. These roads dissolve when the weather warms up.

These are just a few of the examples of the dramatic technological achievements that will allow drilling in ANWR to be conducted safely and with minimal disruption of local wildlife.[2]

ARGUMENT AGAINST MORE AMERICAN ENERGY NOW:
Drilling for more oil will keep us "addicted to oil" and prevent us from moving on to renewable and cleaner technologies. We should focus on shifting to new technologies rather than focusing on old ones.

REBUTTAL:

This argument is fundamentally dishonest and assumes a false, unnecessary choice. We do not have to choose between investing in new technology and investing in our oil supplies. We can invest in new technologies and plan for a transition to new fuels while at the same time using the resources we have now to deal with the current energy crisis. The only thing preventing us from doing this are misguided government policies.

The idea that drilling for more oil keeps us "addicted" to oil and prevents us from moving on to new technologies makes absolutely no sense. If a new alternative fuel were to be developed that cost the same as or slightly less than oil, was renewable, and was accessible to the market, it would replace oil as our primary energy source faster than you can imagine.

The truth is that as soon as a viable and competitive alternative fuel is developed, Americans will respond by moving away from oil.

ARGUMENT AGAINST MORE AMERICAN ENERGY NOW:
Offshore drilling platforms dump vast amounts of mercury and other dangerous metals into the ocean. More drilling will lead to more mercury deposition and a greater threat to marine and human life.

REBUTTAL:

Research has shown that the amount of mercury involved in offshore drilling poses no significant threat to marine or human life and that the levels of mercury and methylmercury in marine organisms around offshore platforms is not elevated compared to those far away from platforms.[3] It is also notable that the amount of mercury entering the Gulf of Mexico from offshore drilling is only 0.7% the amount of mercury that enters the Gulf from the Mississippi River.

ARGUMENT AGAINST MORE AMERICAN ENERGY NOW: *Offshore drilling requires the use of seismic surveys for exploration that harm whales and fish.*

REBUTTAL:

Research has shown both that seismic surveys pose no danger many studied fish populations[4] and that fish would not experience hearing damage because they avoid areas where seismic surveys are taking place.[5] While whales might be displaced by seismic surveys, this condition is temporary and the whales return once the seismic activity stops.[6]

Additionally, there is absolutely no firm evidence that seismic surveys permanently harm whale hearing or cause strandings.[7] Evidence suggests that for almost every species of marine mammal the risk of temporary hearing damage is not significant.

In general, seismic surveys are not a significant problem for the marine environment. Of course, we must always be careful and make sure we have the right rules in place, but current regulations more than adequately protect marine wildlife.

ARGUMENT AGAINST MORE AMERICAN ENERGY NOW: *More drilling offshore will lead to oil spills that will damage wildlife and beaches.*

REBUTTAL:

In fact, there hasn't been a major spill from offshore drilling since 1980. Ninety-seven percent of all oil spills from drilling are one barrel or less of oil. The Royal Society of Canada did a review of the annual risk of a large oil spill resulting from offshore drilling and found that the chances were about 1 in 10,000 or 0.0001% per well.

The risk of a significant spill from an oil tanker in U.S. waters is also remote, though the chances of a major spill from drilling are even lower. MMS data shows that for every 1 billion barrels of oil that was transported by tankers in U.S. waters from 1985-1999 there were 0.73 spills of 1,000 barrels or more.

ARGUMENT AGAINST MORE AMERICAN ENERGY NOW:
Drilling for oil shale in Colorado, Utah, and Wyoming would be environmentally destructive. It would endanger several important species and pollute the air and water.

REBUTTAL:

Shell Oil Company has pioneered a new process for obtaining the oil from the shale called in situ (on site) extraction. The rock is heated underground to the point where the oil is released from the rock and can be pumped back to the surface. This process would use a lot less land than we would have had to use years ago with on-surface mining. The impact on wildlife would also be greatly reduced.

Of course, any kind of development will have an impact on wildlife and the land, just as oil and gas drilling does today. However, with oil and gas we have developed stringent environmental standards that have succeeded in safeguarding endangered species and protecting important habitat. The same can be done for oil shale.

There is no evidence that oil shale will significantly reduce air quality. In fact, the only studies we have on this problem indicate that air quality

standards could be met. Those studies, which are from the 1970s and 1980s, were conducted using old technology and processes, and it is reasonable to expect that advances in technology since then would make oil shale development even safer for the air. The truth is that no one can make any definitive claims about this until new studies are carried out.

As for water quality, Shell's new in situ process protects the water table by creating an ice barrier around the affected area. This creates an impermeable barrier that prevents chemicals and oil from seeping down into the water table. Shell is conducting trials of this technique, but it is confident it can protect water quality.[8]

ARGUMENT AGAINST MORE AMERICAN ENERGY NOW:

In order to fight climate change, we must not do anything that will contribute any more carbon into the atmosphere. Instead, we should adopt a cap-and-trade system similar to the one proposed in the Boxer-Warner-Lieberman bill.

REBUTTAL:

The first thing we have to understand is that a system of regulation and taxation will not help solve the problem of climate change. This is because reducing the amount of carbon in the atmosphere requires an international solution. If the U.S. and Europe adopt a cap-and-trade system or a carbon tax, the total effect will be negligent so long as China, India, and poor nations continue to dump increasing amounts of carbon into the atmosphere. And developing nations have made clear that they will never implement carbon-cutting measures that hurt their economies.

The only realistic way to address concerns about climate change is to invent new technologies and improvements in efficiency that the entire world will voluntarily adopt. Developing these kinds of technologies will require a lot of money, the kind that can only be found in a strong economy. And a regulation and taxation system on carbon would be devastating to our economy, since every sector of the economy uses

carbon. Ironically, it would undermine our very ability to address climate change.

The best way to address climate change challenges is to have a strong economy that gives us the ability to invent technology to reduce our carbon emissions. And because a strong economy requires plentiful energy, we have to do all we can now to develop all American energy sources while working on new ways to address carbon emissions.

By committing ourselves to a strategy of more American energy, more economic growth, and more advanced technology, we'll find a way to cut our emissions faster than we ever thought possible. The answer is innovation and technology, not taxes and regulation.

[1] http://ap.google.com/article/ALeqM5iHcuoEcit0_kR272HwGKm6sL1K6gD921NR480

[2] For ANWR section, see: http://www.anwr.org/Technology/Today-s-drilling-leaves-a-small-footprint.php

[3] (Boatman, Mary. "Mercury and the Results from the Gulf of Mexico Offshore Operations Monitoring Experiment (GOOMEX)." PowerPoint presentation. SPE/EPA/DOE Exploration and Production Environmental Conference, San Antonio, TX. March 2003. Slides 30-31)

[4] (Dalen, John, Egil Dragsund, Arne Naess, and Olav Sand. Effects of Seismic Surveys on Fish, Fish Catches, and Sea Mammals. Cooperation Group-Fishery Industry and Petroleum Industry. DNV Energy, 2007. 13. 11 July 2008 <http://www.olf.no/?50345.pdf>.)

[5] (Peterson, David L. Background Briefing Paper for a Workshop on Seismic Survey Operations: Impacts on Fish, Fisheries, Fishers and Aquaculture. British Columbia Seafood Alliance. 2004. 6. 11 July 2008 <http://www.em.gov.bc.ca/DL/offshore/Reports/BCSeafoodAlliance/SeismicAndFisheriesBriefingDoc.pdf>.)

[6] (Continental Shelf Associates. Geological and Geophysical Exploration for Mineral Resources on the Gulf of Mexico Outer Continental Shelf. Department of Interior. New Orleans: Minerals Management Service, 2004. III-26.)

[7] (Abgrall, Patrick, Valerie Moulton, and W. John Richardson. Updated Review of Scientific Information on Impacts of Seismic Survey Sound on Marine Mammals, 2004-Present. Department of Fisheries and Oceans, Habitat Science Branch. LGL Limited, Environmental Research Associates, 2008. 2, 6, 8. 11 July 2008 <http://www.iagc.org/attachments/contentmanagers/1045/LGL_document_DFO_Updated_Seismic_Mar_Mam_Review_VF_2008_03.pdf>.)

[8] All of this section taken from the Rand study.