

Energy Insider by William Engdahl

Hopeful change on oil leasing

The California decision does not go far enough, however, despite indignation among the environmentalists.

The recent decision by U.S. Interior Secretary James Watt to reverse an action of his predecessor on leasing of acreage off the California coast has predictably drawn outbursts of protest from various environmentalists. In a letter to the governors of California and Oregon, Secretary Watt announced that he was reinstating four of five tracts of offshore shelf lands cut from consideration by "a decision late last year by the previous secretary to drop four basins." He told the governors: "The President has instructed me to take necessary steps to increase domestic production of oil and gas, and I firmly intend to take those steps," adding that his final determination will ensure proper environmental protection.

Watt's decision is significant because it is the new administration's first scheduled Outer Continental Shelf (OCS) oil and gas lease sale, OCS Sale No. 53. Watt has told the two governors to reinstate the four tracts, or almost double the possible area under consideration. The new area being considered for possible lease sale in May could now contain 1.3 million acres in 242 tracts. Andrus, in an eleventh-hour "slash-and-burn" move, cut this down to 606,000 acres on the pretext of possible environmental impact and lack of sufficient oil and gas. The lands range from 3 miles to some 27 miles offshore.

A word of support is due Secretary Watt for showing early com-

mitment to the President's (and the electorate's) mandate for growth. Watt was the target of ecofreaks from David Brower's Friends of the Earth to Gaylord Nelson's Wilderness Society, who opposed Watt's nomination because of his opposition to Carter's zero-growth policies on federal land use.

I want to draw attention to the fact that this is a tentative and tiny beginning to the enormous resource development task we face in undoing the devastation of environmentalism run amok.

A recent estimate by the American Petroleum Institute is that the federal government still holds title to about one-third of all the land in the United States. This land, by the best geophysical estimates, contains at least 37 percent of our undiscovered oil and natural gas liquids and 43 percent of our undiscovered natural gas. The unfortunate decision by the past Senate to declare some 104 million acres in remote Alaska as "wilderness" to be forever untouched by man underscores the absurdity of recent restrictive lands policies that could add to our energy resources.

I recently spoke to Dr. Hollis D. Hedberg, professor emeritus of geology at Princeton University and a respected consulting geologist who served on the Reagan Energy Policy Task Force chaired by petroleum geologist Michel Halbouty of Houston. Hedberg cautioned that it is still too early to comment on the policies of the new

Interior Secretary other than favorably. But he did express concern that the scale of policy change in our offshore leasing policy toward more sales and far larger lease blocks (which would enable major exploration projects of the scale of those in the North Sea to be undertaken) is not yet evident. Attacking those who cry that we are running out of oil and gas, Hedberg states bluntly that we have the possibility of "tremendous amounts of oil and gas. The important thing—the only way to determine this—is to explore for it."

In an article in the Feb. 16 *Oil & Gas Journal*, Hedberg points out that offshore, the U.S. government to date has leased no more than 3 percent (28,000 square miles) of the almost 1,800,000 square miles of reasonably prospective offshore petroleum territory out to the base of the continental slope. This acreage is as much as the land that has yielded almost all U.S. production and reserves to date.

Before they lost majority control of the Senate Energy Committee to Sen. James McClure's party, "Scoop" Jackson, and New Jersey's double-dribble solar advocate "Dollar Bill" Bradley, issued a committee report pompously titled "The Geopolitics of Oil." Their thesis, after wasting time and taxpayer dollars on worthless consultants, is that the U.S. can do little to improve domestic supplies.

Senator McClure took exception to the Jackson-Bradley view. "At the federal level," McClure stated, "the commitment necessary to maximize all forms of domestic energy production has not yet been made." Let us hope he is soon proven wrong.