

Energy Insider by William Engdahl

The Bumpers bill and the grizzly bears

A senator, Interior Secretary Andrus and Atlantic-Richfield have teamed up to save some grizzlies in the oil-rich Overthrust Belt—ARCO will benefit more than the bears.

The Senate Energy and Natural Resources Committee has just voted up by 9-8 an amended version of a bill, S.1637, the Federal Oil and Gas Leasing Act of 1979, which gives the Secretary of Interior the power for the first time to "lease onshore Federal lands for oil and gas development by competitive bidding only." This piece of legislation is cosponsored by Sens. Henry Jackson, Howard Metzenbaum and Dale Bumpers.

A column I wrote two months back reported a leasing "fraud" scandal trumped up by Interior Secretary Cecil Andrus, a scandal that was aimed at creating a political climate favorable to this legislation. I also said that elimination of the so-called non-competitive leasing system would drastically affect the ability of the independent oil and gas producers to obtain lands for exploration, leaving the vast Overthrust Belt to the control of Interior and a handful of multinational oil companies.

Dale Bumpers, one of the most notorious environmentalists in the Senate, has teamed up with the man most responsible for stopping economic development in the Western states, Henry "Scoop" Jackson, to remove an embarrassment to their claim that the nation is running out of oil. The Overthrust Belt, extending across Wyoming and Montana into New Mexico has been confirmed by geologists to be "the most significant oil discovery in the continental

U.S. in the last 50 years," as one put it.

Bumpers told the Senate that "the unfolding investigation of the oil and gas leasing policies of the Bureau of Land Management has been defrauded out of billions of dollars. This is a direct result of the existing leasing system."

I am reading with great interest a series that began May 27 in the *Washington Post*. The *Post* series backs the Bumpers legislation, saying that big bad oil is encroaching on the preserve of the 50 grizzly bears, 25,000 elk, 27,000 mule deer, 1,090 black bears and 3 mountain lions in the Grand Teton. "The greatest unhappiness is with oil," says the *Washington Post*. "The companies that have turned the deserts of southwest Wyoming into a series of wealthy, wide-open boom towns are edging north to the forest, following the curve of the Overthrust Belt."

But, if environmental preservation of these federal lands is the concern of Dale Bumpers, why is he the apparent champion of "free enterprise competition" for these lands? Because competitive leasing will ensure that the capital-heavy majors such as ARCO, Exxon, Mobil will be only able to bid up the price of this oil-rich land. Their strategy will be to sit on these lands.

ARCO president Thornton Bradshaw, who got a juicy "windfall" in the form of an exemption for his company's Alaskan North

Slope oil in the recent Windfall Profits Tax, is also the funder of the nation's most influential environmentalist operation, the Aspen Institute.

The Overthrust Belt promises vast new oil reserves that could undercut Big Oil, which ran a 100 percent price increase in the last months by convincing the world that we were running out of oil. We are in the process of confirming a report that ARCO authored the entire Windfall Tax strategy to force the independents out of drilling and exploration. Why?

Unlike ARCO and the majors, which are marketing monopolies and financial holding companies, the independents are directly tied to production of energy. They are responsible for more than 80 percent of the new wells drilled in the U.S. each year. Elimination of this small, but highly significant grouping will go a long way to ensure a top-down control of energy resources.

C. John Miller, president of the Independent Petroleum Association of America called the Bumpers bill a "fraud." The IPAA Public Lands Committee angrily noted recently that "withdrawals of public lands formally by legislation and informally by executive action for limited-purpose use during the past four years have reached unprecedented levels. ..." The turn under the Bumpers bill to an all-competitive leasing system "poses a substantial threat to future availability of Federal oil and gas leases ... and will decrease domestic exploration and production."

This, and not a handful of petty abuses of the old bidding system for federal leasing, is the real scandal Congress should address.