

Energy Insider by William Engdahl

Oil and the Outer Continental Shelf

Watt's far-reaching decisions on oil resource development cause anguish among the greenies.

The joint announcement in early April by Energy Secretary Edwards and Interior Secretary Watt to accelerate offshore U.S. oil and gas leasing should be hailed, together with the earlier decision from Watt's Interior Department to freeze signing of the draft treaty of the Law of the Sea. Though the one decision will not likely affect the other, both deal with the development of one of the world's potentially richest oil and gas regions.

First, let's be clear on what Watt and Edwards said on April 10. The government announced a plan to increase the number of proposed Outer Continental Shelf (OCS) lease sales during the 1982-86 period from 36 to 42, adding approximately 70 percent to total acreage available for exploratory drilling offshore. "We cannot know what domestic energy sources are available to us until we inventory the resources," DOE's Edwards declared, "and that means exploratory drilling in offshore areas."

Much of the increased leasing will be off Alaska, where drilling in the Beaufort Sea just east of the Prudhoe Bay has been going on for the last 18 months. U.S. Geological Survey estimates in that region alone calculate it "most likely" contains some 7.8 billion barrels of recoverable oil and 27 trillion cubic feet of gas.

The accelerated leasing program was coupled with a tactical deferral of a February announce-

ment by Watt on OCS Sale #53 off the California coast, beyond the three-mile limit. The deferral of the California sale leaves only the promising Santa Maria Basin up for bid next month. Although environmentally sensitive Gov. Jerry Brown's opposition to a larger sale was cited by some hopeful nongrowers, their glee dimmed when it became clear that Watt is making a more fundamental change in overall leasing policy along lines advocated in this space (*EIR*, March 10, 1981).

In announcing his decision to accelerate offshore availability, Watt sounded refreshing adherence to a higher principle; he declared that development of our scarcely explored offshore energy resources are an "overriding national concern" that transcends "parochial" opposition from state officials and environmental groups. It's refreshing that some people still read the Constitution these days.

This is a direct slap in the face to a "new" two-year study submitted to the Department of Energy and U.S. Geological Survey by Richard Nehring of the Rand Corporation. Nehring, who worked on the infamous CIA world oil assessment for the Carter administration, asserts, "We've found a lot of oil and gas in this country, but we've already produced most of it."

I will take Mr. Nehring's report on in an upcoming column, but for now, I want to focus on the offshore

development potential.

As the respected petroleum geologist Dr. Hollis Hedberg points out, our "principal hope for further major new domestic finds is in the offshore," and that of more than 1.7 million square miles of shallow and deep offshore land in our undisputed jurisdiction, we to date have barely leased 2 percent of this total. By contrast, at least until Prime Minister Trudeau's October 1980 expropriation program was announced, Canada had opened the entire Atlantic offshore, leading to drilling more than 200 exploratory wells before the U.S. had spudded one on its Atlantic offshore.

Dr. Hedberg has devoted considerable professional attention to the geological origins of petroleum. His conclusion, and that generally shared by Reagan energy strategists, is that petroleum formations derive in a complex manner from the geological remains of organic life, occurring throughout the world. Hedberg declares that "marine conditions appear to have produced the bulk of the world's oil." This underscores the importance of early and aggressive action on behalf of the secretaries of interior and energy to seriously expand access to our untapped offshore wealth.

As to the gaggle of harpies around the Sierra Club and so-called Friends of the Earth who are in apoplexy over fear of oil spills endangering their surfing beaches, with images of Santa Barbara in 1969 conjured up, Watt rightly answers that "Congress expected environmental protection to be achieved through sound planning and operating practices," rather than "closing of geographic areas to leasing and development."