

Domestic Oil Recovery

Background

In 1973, at the beginning of the first energy crisis, the United States imported 34.8 percent of the petroleum it needed to operate.ⁱ Faced with an embargo by OPEC for supporting Israel in the Yom Kippur War, America decided to develop its domestic reserves to reduce dependence on foreign oil.

Unfortunately, that decision was short lived. Instead of becoming less dependent on oil imports, America now imports 49.3 percent of its oil.ⁱⁱ Moreover, more than 27 percent of the petroleum imported into the U.S. now comes from nations that are either unstable (e.g., Egypt, Iraq, Libya, Nigeria) or headed by governments hostile to the ideals of the United States (e.g., Venezuela).ⁱⁱⁱ

Instead of expanding domestic oil production, members of Congress and the Administration have placed severe limits on where drilling can take place. For example, Alaska's Arctic National Wildlife Refuge (ANWR) contains an estimated 11 billion barrels of oil awaiting extraction but it has been declared off limits.^{iv} Offshore drilling on 85 percent of the Outer Continental Shelf (OCS), which the East and West Coasts, is also prohibited.^v

Policy Consideration

ANWR and the OCS are ideal locations for domestic oil production because they contain proven reserves of large, easy-to-extract petroleum. In ANWR, the environmental impact of drilling would be restricted to a few thousand acres in an area the size of South Carolina. In return, the United States would have access to billions of gallons of oil—the equivalent of 16 years' worth of from Saudi Arabia—in only a few years.

ISSUE SNAPSHOT

To reduce America's dependence upon foreign oil, production must be expanded into previously restricted areas, including ANWR.

The OCS must also be opened to oil and gas exploration.

Oil shale recovery should begin as soon as it is technically and economically feasible.

Opening the OCS to drilling would have even bigger benefits. In addition to the 18 billion barrels of oil that would be available, 76 trillion cubic feet of natural gas could also be tapped.^{vi}

As for oil shale, as much as 800 billion barrels of recoverable oil exist in the Green River Formation in Colorado, Utah, and Wyoming. According to the Department of the Interior and the Bureau of Land Management, this is equal to three times the proven oil reserves of Saudi Arabia. The technology to collect and refine oil shale is developing at a rapid pace and private companies are willing to invest in it.^{vii}

In the words of The Heritage Foundation: America needs an energy policy that promotes environmental sustainability and economic growth...Americans should demand an energy policy that is rooted in the free market, builds on private property rights, and relies on the initiative and entrepreneurial spirit of the private sector. This will not only promote economic growth, but also help Americans to achieve their environmental objectives.^{viii}

GUIDE TO THE ISSUES

Recommendation

- To reduce America's dependence upon foreign oil, production must be expanded into previously restricted areas, including ANWR.
- The OCS must also be opened to oil and gas exploration.
- Oil shale recovery should begin as soon as it is technically and economically feasible.

Further Reading

- Solutions for America: Meeting America's Energy and Environmental Needs." The Heritage Foundation, *Solutions for America*, vol. 6, August 17, 2010. Available at <http://tinyurl.com/25nsgxk>. Access verified May 10, 2011.

¹ U.S. Energy Information Administration (EIA), "Table 3.3a—Petroleum Trade: Overview." *Monthly Energy Review*, April 2011. Available at <http://tinyurl.com/6ykqkls>. Access verified May 10, 2011.

¹ EIA, "Table 3.3a—Petroleum Trade: Overview." *Monthly Energy Review*, April 2011. Available at <http://tinyurl.com/6ykqkls>. Access verified May 10, 2011.

¹ EIA, "U.S. Total Crude Oil and Products Imports" (spreadsheet). July 29, 2010. Available at <http://tinyurl.com/9unyw>. Access verified May 10, 2011.

¹ U.S. Department of Energy, Strategic Center for Natural Gas and Oil, "Arctic National Wildlife Refuge (ANWR)." *Natural Gas Facts*. Available at <http://tinyurl.com/38wspk4>. Access verified May 10, 2011.

¹ Solutions for America; Meeting America's Energy and Environmental Needs." The Heritage Foundation, *Solutions for America*, vol. 6, August 17, 2010. Available at <http://tinyurl.com/25nsgxk>. Access verified May 10, 2011.

¹ EIA, "Impact of Limitations on Access to Oil and Natural Gas Resources in the Federal Outer Continental Shelf." 2009. Available at <http://tinyurl.com/3kbh6ju>. Access verified May 10, 2011.

¹ "Solutions for America; Meeting America's Energy and Environmental Needs."

¹ *Ibid.*