ALABAMA POLICY INSTITUTE

GUIDE TO THE ISSUES

Offshore Drilling

> ## ISSUE SNAPSHOT
> Open America's Outer Continental Shelf in the eastern Gulf of Mexico, plus the Atlantic and Pacific coasts, to greater oil and gas exploration.
>
> Allow oil and gas companies to obtain accident insurance from private insurance companies to prevent taxpayers paying for large spills.

Background

After the disastrous BP deepwater oil well disaster that killed 11 people and fouled the Gulf of Mexico for most of the summer of 2010, President Obama's oil spill commission has recommended even tighter controls on offshore drilling. Among these recommendations are doubling the review time for new drilling permits from 30 days to 60 days, raising the liability limit by $75 million for oil companies that are involved in a spill, and an indefinite ban on Arctic oil drilling until more eco-sensitive methods can be developed.[i]

These new regulations and limits will add to a collection of restrictions that the Obama administration has already established, beginning in 2010:

- In March, weeks before the Gulf oil spill, the Obama Administration canceled four pending lease sales off the coast of Alaska.
- In December, it was announced that the eastern Gulf of Mexico and the Atlantic and Pacific coasts would not be open for oil drilling until at least 2017.[ii]

Because of these new measures, only nine new deep-water drilling permits have been issued since the President's moratorium on deep-water drilling ended in October.[iii] Prior to the spill, almost six new permits were approved every month.[iv]

The anti-drilling stance of the Obama Administration is already having a telling effect on offshore oil production, which is expected to fall by as much as 13 percent in 2011. Before the oil spill, production was expected to increase by six percent. Reduced domestic drilling will inevitably lead to an increased dependence on oil from other countries;[v] ironically, this creates a greater risk of spills because the tankers that bring foreign oil to the United States are more likely to have spills than domestic offshore wells.[vi]

Policy Consideration

With gasoline prices creeping upward and our economy on unstable footing, now is not the time to restrict the search for energy. While drilling "everywhere" will not make gas universally cheap and accessible, the mere possibility of any nation putting more oil on the world market helps reduce prices.[vii]

If anything, initiating more domestic offshore drilling reduces America's exposure to potential contractions in the world oil market, keeping us more secure and energy independent.

Recommendation

At present, about 85 percent of the nation's coastal waters are already off limits to oil exploration. To lower the price of energy and lessen our dependence on foreign oil, America's Outer Continental Shelf in the eastern Gulf of Mexico, plus the Atlantic and Pacific coasts, must be opened for greater oil and gas exploration.