

Research



Administration Policy Closes Majority of Public Lands to Energy Exploration

CATRINA RORKE | MARCH 11, 2015

Summary

- The federal government is currently in control of over 279 million acres of land, but has determined 60 percent of that to be inaccessible for energy exploration.
- Over 18.9 billion barrels of oil and 94.5 trillion cubic feet of natural gas remain out of reach.
- The government has reduced leasing activity 20 percent, though applications have more than doubled.

Introduction

This year we'll close the first decade of the fracking revolution, which inverted long-standing trends in energy production and turned the United States into the largest oil and gas producer in the world. As new trade opportunities open up, energy prices drop, and OPEC desperately tries to hold its market share, federal energy policy must be updated to reflect this new reality. Unfortunately, the administration is tethering us to the past.

Our oil and gas policies were largely written in the 1970s during a period of scarce energy resources and high prices. These policies were designed to isolate the U.S. market from oil price shocks, resist foreign sources of oil, and ensure we preserve scarce oil and gas reserves for our future and our national defense. Today, none of these policies work well; [oil and gas production is collapsing the trade deficit, we're in a position to export our resources to key international partners, and advances in drilling technology have opened up access to major shale and tight oil](#). It's time to develop a policy that makes sense today.

To realize a pro-growth energy strategy, the first step is land use policy that provides access to relevant resources. This paper focuses on policies that provide for or limit access to the oil and gas resources that have been driving economic growth.

The federal government [owns 28 percent of U.S. lands](#). The vast majority is managed by four agencies (the Forest Service in the Department of Agriculture and the National Park Service, Bureau of Land Management (BLM), and Fish and Wildlife Service in the Department of the Interior) for the purposes of preservation, conservation, resource development, and recreation. To allocate acreage across purposes, agencies use a lengthy and comprehensive land use planning process that involves all levels of government, the public, and stakeholder groups, and ensures compliance with the National Environmental Policy Act.

Once purposes for the lands have been established, land management agencies can begin the process of leasing acreage for the purpose of oil and gas development. Once a developer acquires leasing rights, it then applies for drilling permits to access resources on these lands. Major issues arise along all steps in this process.

Closed for Business

With the 2000 Energy Policy and Conservation Act (EPCA) and the Energy Policy Act of 2005 (EPAct 2005), Congress directed the Secretary of the Interior to create an inventory of oil and natural gas resources on federal on-shore lands and to determine the restrictions inhibiting resource development. The Departments of Interior, Agriculture, and Energy relied on 18 sample geologic provinces to assess not just our natural resources, but also the bureaucratic obstacles to bring those resources to market.

The findings of the 2008 report, [Inventory of Onshore Federal Oil and Natural Gas Resources and Restrictions to their Development](#) (Inventory), are dismal. Federal policies restrict access to the majority of federal land and oil reserves. It's not just the energy industry that is held back by restricted production. [Lease and royalty payments generate about \\$15 billion dollars in federal revenue each year](#), revenue that is used to execute our resource conservation policy and manage public resources. Refer to Table 1 for a high-level summary of Inventory findings.

TABLE 1. U.S. LANDS AND RESOURCES CAPTURED IN EPCA INVENTORY

| Access Category | | Area | | Resources ^a | | | |
|-----------------------|---------------------------------------|------------------|-----------------------------|------------------------|-----------------------------|-------------------|-----------------------------|
| | | | | Total Oil | | Total Natural Gas | |
| | | (thousand acres) | Percent of Federal Holdings | (MMbbl) | Percent of Federal Holdings | (bcf) | Percent of Federal Holdings |
| Total Holdings | | 279,039 | 100 | 30,503 | 100 | 230,975 | 100 |
| | Inaccessible | 165,882 | 60 | 18,976 | 62 | 94,502 | 41 |
| | Accessible with Restrictions | 65,186 | 23 | 9,260 | 30 | 112,919 | 49 |
| | Accessible under Standard Lease Terms | 47,972 | 17 | 2,268 | 8 | 23,554 | 10 |

^a Undiscovered technically recoverable resources and reserves growth