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Obama Administration Announces New Cutbacks on Shale Oil Leases

By Kenneth Artz

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The U.S. Department of the Interior has announced new cutbacks in the amount of oil-rich federal lands on which the government will allow energy production.

Slashed More Than 75 Percent

The Interior Department is reducing available lands for oil shale production in Colorado, Utah, and Wyoming by more than 75 percent. Additionally, on the small number of leases that remain, oil companies will not be allowed to drill unless they can demonstrate they will be able to produce viable quantities of oil and can meet new environmental requirements in the process.

The administration's new restrictions mark a stark contrast to oil production on private lands in North Dakota that is fueling the state's robust economy, with unemployment rates in the state hovering around 3 percent.

According to the U.S. Department of Energy, there are nearly one trillion barrels of recoverable oil in the Colorado/Utah/Wyoming tri-state region. However, 90 percent of that oil is under federal lands and has been held largely off-limits for production.

Discouraging New Production

Reid T. Porter, media relations representative of the American Petroleum Institute, says the move sends the wrong message to oil and gas developers and the American people.

"It creates uncertainty for the oil and gas industry over whether to invest in a costly but potentially lucrative fuel source," Porter explained.

Dan Kish, senior vice president for policy at the Institute for Energy Research, says withdrawing the federal lands from research and development only harms consumers.

"The United States has the largest supplies of oil shale in the world, but President Obama's approach is to make it nearly impossible to bring oil to market. Part of the administration's plan is to make energy so expensive that it forces consumers to use politically correct but expensive sources of energy favored by the administration," Kish explained.

Part of Larger Anti-Energy Plan

H. Sterling Burnett, a senior fellow with the National Center for Policy Analysis, says the move is curious, especially since President Obama claims he is doing everything he can to increase domestic energy supplies.

“There’s no reason for him to be doing this. Once again, he’s kowtowing to environmental interests, and it’s going to make our energy less secure,” said Burnett.

“As disappointing as the president’s decision is, this shouldn’t be a surprise to anyone who listened to him while he was campaigning for president. He bluntly said he wanted to raise the cost of fossil fuels as a means to forcing a switch to more expensive alternative energy sources. Now he’s doing it,” Burnett explained.