RPC BULLETIN
U.S. Senate Republican Policy Committee

September 9, 2008

Background Briefing: Appropriations Riders Blocking Development of OCS and Oil Shale Resources

Outer Continental Shelf Moratoria

- Starting with FY 1982, Congress has annually enacted appropriations riders prohibiting the Department of Interior (DOI) from conducting activities related to leasing, exploration, and production of oil and natural gas on much of the Outer Continental Shelf (OCS).[1]

- The current congressional moratoria place nearly 86 percent of America's OCS lands off-limits from exploration but are set to expire at the end of the current fiscal year, on September 30, 2008. High gas prices are fueling the push to allow the moratoria to lapse.

- Until recently, in addition to the annual OCS appropriations moratoria, an executive moratorium also prevented OCS production. The executive moratorium was originally put in place in 1990 by President George H.W. Bush and later extended by President Bill Clinton through 2012.[2]

    - By a Presidential Directive issued July 14, 2008, President George W. Bush lifted the executive moratorium, leaving only the congressional appropriations OCS moratorium standing in the way of increased U.S. energy production.

- Even if the moratoria expire, certain OCS lands in the eastern Gulf of Mexico would remain off-limits from exploration through June 30, 2022 as a result of a long term statutory moratorium enacted in 2006.[3]

Oil Shale Moratorium

- For the first time last year, Congress enacted an additional rider preventing DOI from issuing final regulations to allow for the leasing of federal lands to produce energy from oil shale.[4] The oil shale moratorium is also set to expire on September 30, 2008.

---

[1] The riders are usually passed as part of the Department of Interior and Related Appropriations bill. Last year, the Consolidated Omnibus Appropriations Act of 2008 (Public Law 110-161, H.R. 2764) included the OCS moratorium as Sections 104, 105 and 412.
[2] Congressional Research Service (CRS), "Oil Development on Federal Lands and the Outer Continental Shelf," CRS Report for Congress RS22928, August 6, 2008.
[3] Public Law 109-432, the Gulf of Mexico Energy Security Act of 2006 (S. 3711).
[4] Section 433, Public Law 110-161, Consolidated Appropriations Act of 2008 (H.R. 2764).

- This moratorium prevents DOI from completing regulations necessary to develop petroleum fuels from public lands in the West and from entering into any related leases.

Energy Placed Off-Limits Due to Moratoria

- Taken together, the congressional OCS and oil shale moratoria prevent the United States from developing significant amounts of energy from domestic oil and gas sources.

- The OCS moratoria prevents development of at least:

  - 14-18 billion barrels of recoverable oil; and

  - 76 trillion cubic feet of natural gas.

- The oil shale moratorium prevents development of between 800 billion to 2 trillion barrels of oil equivalent from federal oil shale resources.[5]

Five-Year Plans and the Moratoria

- The expiration of the current moratoria is the first step required for the U.S. to develop our nation's oil and gas reserves. As new areas become available for production it could take DOI anywhere from 3 to 6 years to complete the leasing process, including development of a new "five-year plan." Despite the fact that production would not begin for several years, the fact that United States was charting a new course in favor of energy production would send a strong signal to the markets that would immediately lower energy prices.

  - The current five-year plan does not provide for exploration in most of the areas covered by the current moratoria. (The coastal waters of Virginia are an exception and are part of the current five-year plan despite being off-limits by the current moratoria). Congress could instruct DOI to proceed with pre-leasing and leasing activities without a new five-year plan.

  - With the expiration of the moratoria, the new five-year plan could provide for exploration in areas less than 50 miles off shore, provided the five-year plan was consistent with the requirements of federal law.

  - Due to the dramatic increase in oil prices over the past 18 months, and in anticipation of the expiration of the congressional moratoria, DOI announced on July 14, 2008 that it was taking the unprecedented step of soliciting comments to develop a new five-year plan even though the current plan will not expire until 2012. DOI specifically requested public comment on areas currently covered by the congressional OCS moratoria.

[5] See http://www.mms.gov/ooc/press/2008/pressDOI0730.htm.