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DOI Releases Update on Unused Oil and Gas Leases

Review shows that nearly two-thirds of acreage leased by industry lies idle

WASHINGTON – As the Obama administration continues to make millions of acres available to for oil and gas development, a report released today by the Department of the Interior shows that more than two thirds of federal offshore acreage leased by industry and more than half of federal onshore leased acreage in the lower 48 states remains idle – neither producing nor under active exploration or development by companies who hold those leases.

"As part of the Obama administration's all of the above energy strategy, we continue to make millions of acres of public lands available for safe and responsible domestic energy production on public lands and in federal waters," said Secretary of the Interior Ken Salazar. "We continue to offer new areas onshore and offshore for leasing, as we have over the last three years, and we also want companies to develop the tens of millions of acres they've already leased but have left sitting idle in order to further reduce our reliance on foreign oil as quickly as possible."

According to the report, more than 70 percent of the tens of millions of offshore acres currently under lease are inactive, neither producing nor currently subject to approved or pending exploration or development plans. Out of nearly 36 million acres leased offshore, only about 10 million acres are active – leaving nearly 72 percent of the offshore leased area idle.

In the lower 48 states, an additional 20.8 million acres, or 56 percent of onshore leased acres, remain idle. Furthermore, there are approximately 7,000 approved permits for drilling on federal and Indian lands that have not yet been drilled by companies.

"These lands and waters belong to the American people, and they expect those energy supplies to be developed in a timely and responsible manner and with a fair return to taxpayers," said Secretary Salazar. "We will continue to encourage companies to diligently bring production online quickly and safely on public lands already under lease."

The report is available here.

Consistent with the findings of last year's report and the Administration's *Blueprint for a Secure Energy Future*, DOI has taken administrative steps to reform the terms of offshore oil and gas leases to include a range of incentives that encourage prompt development and ensure a fair return to taxpayers. These measures to incentivize prompt exploration and development include escalating rental rates and tiered durational terms with relatively short base periods followed by additional time under the same lease if the operator drills a well during the initial period.

Beginning with the most recent offshore lease sale, DOI increased the minimum bid in deepwater to $100 per acre, up from only $37.50, to ensure that taxpayers receive fair market value for offshore resources and to provide leaseholders with additional impetus to invest in leases that they are more likely to develop. Analysis of the last 15 years of lease sales in the Gulf of Mexico showed that deepwater leases that received high bids of less than $100 per acre, adjusted for energy prices at time of each sale, experienced virtually no exploration and development drilling.

Onshore on public lands, reforms have focused on new leasing policies that establish a more orderly, open, and environmentally sound process for efficient development of oil and gas resources on public lands.

Today's report came as Interior's Bureau of Land Management (BLM) today issues a call for nominations and comments on available tracts to be considered for its scheduled November 2012 oil and gas lease sale in the National Petroleum Reserve in Alaska (NPR-A) – the second sale since President Obama directed the Department of the Interior on May 14, 2011, to conduct annual oil and gas lease sales in the NPR-A. The BLM offered 3 million acres in the 2011 sale.

In 2011, American oil production reached the highest level in nearly a decade and natural gas production reached an all-time high, and America's dependence on foreign oil has gone down every single year since President Obama took office. Thanks to booming U.S. oil and gas production, more efficient cars and trucks, and a world-class refining sector that last year was a net exporter for the first time in 60 years, the United States has cut net imports by ten percent – or a million barrels a day – in the last year alone.

The Obama administration also continues to provide significant opportunities to drill on public lands and waters. According to the Energy Information Administration, total federal oil production (offshore and onshore) has increased by 13 percent during the first three years of the Obama administration combined, compared with the last three years of the previous administration. According to independent analysis, the total number of active rigs operating on the U.S. outer continental shelf was higher in January 2012 than any time since May 2010.

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