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# Energy Companies Are Not Sitting On "Inactive" Oil Leases, President Obama

The Obama Administration is hardly gung-ho about increasing fossil-fuel production. Yet the Department of Interior recently called on oil and gas companies to “develop the tens of millions of acres” of public land “they’ve already leased.”

This “touché” was intended to blunt criticism from the oil industry that federal bureaucrats were obstructing domestic energy production. But the Interior Department’s new report simply attempts to distract Americans from the feds’ constricting approach to domestic oil and gas production, a policy which deprives the American economy of thousands of new jobs and hundreds of billions of dollars in gross domestic product.

The DOI report notes that oil companies are lobbying for access to new sites for drilling even as they sit idly on acres upon acres of open leases. So why open up more reserves, when Big Oil isn’t using what it already has?

The report calculated that 70 percent of offshore acreage and nearly 56 percent of inland acreage are currently inactive. But DOI’s definition of “inactive” defies the realities of best-practices hydrocarbon production.

Specifically, acreage not currently producing or green-lighted for development is assumed to be “inactive,” which knocks out acreage where geophysical and geotechnical analyses and seismic surveys are underway. But what’s wrong with preparatory work that reduces dry-hole risk and other resource waste? The fact is that for every 100 new leased areas, only one will result in a viable oil discovery.

Obtaining a lease is just the first step in producing energy, after which companies must obtain exploration and drilling permits. Leases may appear idle — but only because planned exploration and development are being held up by other federal agencies, such as the Bureau of Ocean, [Energy Management](#), [Regulation](#) and Enforcement.

Throughout the pre-leasing, leasing, exploration, drilling, and production processes, companies have to apply for more than 15 permits and comply with more than 90 sets of federal regulations. A permit just approved in Utah, for example, was four and half years in the making. In an earlier report on lease activity, this land would have been considered inactive.

The more the government stalls, the more oil and gas companies pay. Annual rental fees for leased land can now exceed \$100,000 annually — and can increase as the lease goes on. This hardly suggests that companies are somehow incited to postpone drilling and production.

Not to worry, leases also include a “use it or lose it” provision to ensure that oil companies promptly return acreage unworthy of development to the government. Such is also the case with most private-land mineral development.

America’s oil and gas industry supports more than nine million U.S. jobs and nearly 8 percent of our country’s economy, while delivering more than \$86 million in daily federal taxes. Such economic success would not be possible if oil and gas firms allowed truly lucrative leases and land to sit idle. That is what the profit system is all about.

Instead imagine if the feds were to allow oil and gas companies to produce at their maximum potential. American and Canadian energy supplies could meet all of our liquid fuel needs within 15 years, according to the Energy Information Administration. Such energy independence would provide enormous benefits for both our security and our economy, including an estimated 1.4 million jobs by 2030.

SWCA Environmental Consultants analyzed the economic impact of approving the 20 outstanding oil and natural gas projects proposed on federal lands in the West. They found that production would generate over 120,000 jobs, \$27.5 billion in economic activity, and nearly \$140 million in government revenue. Over their anticipated lifespan, the projects would have an economic impact of more than \$380 billion.

The Obama Administration wants to blame oil and natural gas companies for low domestic energy output. That doesn’t square with reality. These companies supply our nation with maximum amounts of economical energy. Only the government stands in the way of more oil and gas for an energy-hungry nation.

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