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Just Drill, Baby

Congress's energy policies would hinder America's economy.

By Pete du Pont

America's domestic oil production is declining, importation of oil is rising, and gasoline is more expensive. The government's Energy Information Administration reports that U.S. crude oil field production declined to 1.9 billion barrels in 2005 from 3.5 billion in 1970, and the share of our oil that is imported has increased to 60% from 27% in 1985. The price of gasoline has risen to \$3.02 this month from \$2 in today's dollars in 1985.

Washington politicians will tell you this is an "energy crisis," but America's energy challenges are far more political than substantive.

First, we are not running out of oil. In 1920 it was estimated that the world supply of oil was 60 billion barrels. By 1950 it was up to 600 billion, and by 1990 to two trillion. In 2000 the world supply of oil was estimated to be three trillion barrels.

The U.S. has substantial supplies of oil and gas that could be accessed if lawmakers

would allow it, but they frequently don't. A National Petroleum Council study released last week reports that 40 billion barrels of America's "recoverable oil reserves are off limits or are subject to significant lease restrictions"--half inshore and half offshore--and similar restrictions apply to more than 250 trillion cubic feet of natural gas. (We consume about 22 trillion cubic feet a year.)

Access to the 10 billion barrels of oil in Alaska's Arctic National Wildlife Reserve has been prohibited for decades. Some 85 billion barrels of recoverable oil and 420 trillion cubic feet of natural gas exist on the Outer Continental Shelf, but a month ago the House again, as it did last year, voted down an amendment that would have allowed the expansion of coastal drilling for oil and natural gas. All of which leaves the U.S. as the only nation in the world that has forbidden access to significant sources of domestic energy supplies.

Then the Senate voted in June to mandate a reduction in projected future oil usage of 10

million barrels a day, or 35%, which, since our domestic oil production is declining, means less imports. In other words, Congress wants to block drilling for more American oil while at the same time blocking the importation of oil--not a rational energy policy.

On the other side of the coin is the need for more refineries to produce the oil products we need: gasoline, diesel fuel, jet fuel and plastics. Twenty-five years ago we had 254 oil refineries; today there are just 145 (although they are a bit more productive) since we haven't built a new refinery in America for 30 years.

Then there is nuclear power, America's largest pollution-free source of energy. One hundred four nuclear plants supply about 20% of our electricity, and we could build many more. As President Bush pointed out two weeks ago, "Our country has not ordered a new nuclear power plant since the 1970s." He recommends that we build three new nuclear plants a year to meet our energy needs. But new nuclear plants have been continually opposed by the

liberal establishment that now controls Congress.

Finally, there is coal, the second-largest supplier of world energy after oil. At current consumption levels, America has more than a 100-year supply of it, but mining is difficult and burning it emits significant carbon dioxide into the atmosphere. Proposed controls and fees on carbon dioxide emissions are already significantly reducing the use of coal. Last week The Wall Street Journal reported that two dozen of the 150 new coal-fired electrical plants planned to be built have recently been cancelled.

Oil, natural gas and nuclear power are the indispensable energy resources to insure the prosperity of America's economy. But that is not what the congressional leadership thinks. So if we mustn't drill offshore for oil or natural gas, or build nuclear power plants, what is the politically correct action Congress intends to take?

Increasing ethanol subsidies for farmers is at the top of the list. Ethanol is a politically hot energy substance produced from crops like corn, soybeans, sunflowers and switch grass. Current law requires 7.5 billion

gallons to be produced by 2012; the new Senate bill would increase that to 36 billion by 2022.

But ethanol is not a good gasoline substitute. It takes some seven gallons of oil to produce eight gallons of corn-based ethanol--diesel fuel for the tractors to plant and harvest the corn, pesticides to protect it, and fuel for trucks to transport the ethanol around the country. So there is not much energy gain, nor with all the gasoline involved does it help with global warming by reducing carbon dioxide emissions. And ethanol yields one-third less energy per gallon than gasoline, so that mileage per gallon of ethanol-blended auto fuel is less than gasoline mileage.

Ethanol is a politically popular subsidized product. Producers get a 51-cent-a-gallon subsidy and are protected from international ethanol imports by a 2.5% tariff and an ethanol import duty of 54 cents a gallon. These subsidies have brought more than 100 American ethanol refineries into operation, and another six dozen are going to be built, which has nearly doubled the price of corn, raised the cost of beef and other corn-fed livestock, and increased the cost of milk and corn syrup for soft-drink manufacturers.

Then there are all the other energy ideas Congress wishes to adopt--better energy efficiency for washers, driers, boilers, motors and refrigerators; greater fuel efficiency for cars; and more use of wind, solar and geothermal power generation. Good ideas all--especially more fuel-efficient automobiles--but not substantively or immediately very helpful in meeting the challenge of increasing America's energy supplies to keep our economy, jobs and prosperity increasing.

To do that we must build many more nuclear power plants and increase our drilling for oil and gas. The NPC report says it takes 15 to 20 years from exploration until production begins, and it costs \$3 billion to build an average 120,000-barrel-a-day oil refinery. That is just the opposite of the current congressional policy of reducing oil use, blocking access to existing domestic oil reserves, not increasing nuclear power generation, and touting ethanol as another subsidy for farmers.

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