Strengthening Our Economy: The Untapped US Oil and Gas Resources

ABSTRACT

This report summarizes an analysis of the potential impact on future U.S. oil and gas production from opening to exploration and development the offshore moratoria areas in the Eastern Gulf of Mexico, the Atlantic, and Pacific, as well as ANWR in Alaska, and a portion of the currently unavailable federal lands in the Rockies. The study summarizes the currently assessed oil and gas resources in these areas, and presents an alternative, higher resource base that we believe can be justified as an alternative "expected" resource, based upon our analysis of the history of oil and gas assessments in the U.S. over the past thirty years. Such oil and gas assessments generally increase as more knowledge is gained over time in developed areas such as the Gulf of Mexico, indicating that initial government resource assessments are generally conservative.

In addition to modeling potential future oil and gas production, the study evaluates the impact on the U.S. economy, including future government revenues from bonuses, severance tax, property tax, and income tax at the federal, state, and local levels. Economic impacts, including employment, are evaluated for direct, indirect, and induced effects.

Table 1 summarizes the major conclusions of the study. Note that the results on this table are only for the development of the off-limits resource. By 2030, U.S. oil production from these areas could increase by 1.13 million barrels per day in the middle resource case and 2.03 million barrels per day in the alternative case. Gas production could increase by 2.54 Bcf per day in the middle resource case and 5.34 Bcf per day in the alternative case. The alternative case oil production increase represents 18 percent of forecast oil imports in 2030, while the alternative case gas production represents 61 percent of gas imports in 2030. Employment totals 114,000 to 161,000 jobs in 2030.

All-time government revenues from developing these areas total $547 billion for the middle resource case and $1,695 billion for the alternative case. As presented in **Table 2** below, when these revenues are added to those from areas already accessible, the total government revenues from development of <u>all</u> US oil and gas resources on federal lands on the OCS, ANWR, and the Rockies could exceed $4 trillion over the life of the resource.

Table 1 Oil and Gas Production and Government Revenue Impacts from Access to Off-Limits Areas of the OCS, ANWR, and Rockies

Middle and alternative resource base cases

Oil and Gas Production Impact - (Additional Production in 2030)

	Oil Th. BOPD		Gas MMcfd	
	Middle	Alternative	Middle	Alternative
OCS	286	900	1,230	2,940
ANWR	812	1,090	627	1,726
Rockies	35	35	677	677
Total	**1,133**	**2,025**	**2,534**	**5,342**

2030 Oil and Gas Production Impact as a Percentage of (AEO) Forecast Imports

OCS	2.6%	8.2%	14.1%	33.7%
ANWR	7.4%	9.9%	7.2%	19.8%
Rockies	0.3%	0.3%	7.8%	7.8%
Total	**10.3%**	**18.4%**	**29.1%**	**61.3%**

Government Revenue Impact from Oil and Gas (All-Time)
Billion 2006$

	Middle	Alternative
OCS	361	1,386
ANWR	164	287
Rockies	22	22
Total	**547**	**1,695**

Employment Impact in Year 2030 from Developing New Resources
Total Employment Impact

	Middle	Alternative
OCS	39,079	76,517
ANWR	62,420	71,801
Rockies	12,318	12,318
Total	**113,817**	**160,636**

Table 2 All-Time Government Revenue from OCS, ANWR, and Rockies

Accessible and Inaccessible Areas

Area	Category	Government Revenues Billion $
OCS	Accessible *	2,347
	Inaccessible (mid./ alternative)	361 - 1,386
	Total	2,708 - 3,733
ANWR	Inaccessible (mid./ alternative)	164 - 287
Rockies	Accessible	395
	Improved Access	22
	Total	417
Total	Accessible *	2,742
	Inaccessible	547 - 1,695
	Total	3,289 - 4,437

* Based on methodology assuming development of entire OCS resource.