

America's Tremendous Oil Potential

The extent of America's petroleum resources has been mischaracterized for nearly a century. Opponents of greater production routinely claim that an increase in domestic supply could never be sustained because America is "running out of oil." The truth? Greater domestic oil production is not only possible – it is necessary to help protect America from global supply disruptions, create new jobs, pay down the debt, close our trade gap, reduce energy prices, and expedite the development of next-generation technologies.

Is America "running out of oil"?

- Nope. Dire predictions have been made since [at least 1919](#), when the head of a federal agency announced that "within the next two to five years the oil fields of this country will reach their maximum production, and from that time on we will face an ever-increasing decline." Obviously, that was incorrect.
- Some claim the United States "has just 3 percent of the world's oil reserves, but consumes 25 percent of the world's oil." This is highly misleading, because reserves are just one small part of the full picture. America is actually the world's [third-largest oil producer](#). Our proven oil "reserves" have never exceeded [40 billion barrels](#), but somehow we've produced nearly [200 billion barrels](#) since 1900.

How much oil does America have?

- According to a [November 2010 report](#) from the Congressional Research Service, which surveyed existing government estimates, the United States' technically recoverable oil resource base totals 162.9 billion barrels.
- That's enough oil to sustain our [current rate](#) of production for the next 62 years. If domestic production was increased to replace all imports from the [Persian Gulf](#), our own oil would still last for about 50 years.
- America could also have far more conventional crude oil. We've never fully explored our own lands, but whenever we look for oil, we tend to find more. Estimates for offshore oil have now [more than quadrupled](#). Onshore, Alaska's Prudhoe Bay was originally estimated between 1 and 5 billion barrels, but has already yielded more than 16 billion barrels and is still producing over a half million barrels each day.

Where is America's oil located?

- America's oil base consists of 28.4 billion barrels of proven reserves, 48.6 billion barrels of onshore resources (including natural gas liquids), 85.8 billion barrels of offshore resources. In 2010, [31 States](#) produced oil.
- The [continental OCS](#) holds a prolific amount of oil. There are roughly 72 billion barrels in the Gulf of Mexico OCS; 13 billion barrels in the Pacific OCS; and another 4 billion barrels in the Atlantic OCS.
- Roughly 40 billion barrels of oil are located in northern Alaska in the [National Petroleum Reserve-Alaska](#); the [non-wilderness portion of ANWR](#); and [Alaska's OCS](#). All of these resources, however, are currently off-limits.

What about America's unconventional oil?

- While the U.S. is known as the "Saudi Arabia" of coal, our oil shale deposits may be even greater. The Interior Department estimates we have at least [800 billion barrels](#) of technically recoverable oil shale.
- At current rates of consumption, that is equivalent to a 114-year supply of conventional oil.

What other benefits are associated with American oil production?

- A 2008 study from [ICF International](#) concluded that greater domestic oil production would increase government revenues by \$547 billion to \$1.7 trillion and create 114,000 to 161,000 jobs by 2030.
- A December 2010 study by [Wood Mackenzie](#) concluded that greater domestic oil production would likely generate \$150 billion in government revenues and create up to 530,000 jobs by 2025.
- New domestic oil production would help protect America from supply disruptions by reducing the need for imported oil. It would also reduce oil prices by increasing supply, adding to global spare capacity, and generating revenues that can be invested in technologies (e.g. alternative vehicles) that reduce oil demand.

High Gas Prices: Problems and Solutions

Nationwide average gasoline prices have risen by 40 cents in the past month, and nearly doubled over the past two years. With prices now at more than \$3.50 a gallon, everyone is looking for a way to provide relief to American families and businesses. The solutions being proposed by each party, however, look nothing alike. So which is better? Which proposals will do the most to bring prices at the pump back down to Earth?

Some Democrats want to raid the Strategic Petroleum Reserve (SPR).

- After years of calling for policies (cap-and-trade) explicitly designed to raise energy prices, some Democrats now acknowledge that those high prices have serious economic consequences. Their solution, however, is to sell some of the United States' emergency oil reserves to try and bring prices back down to a better level – as if the SPR were a political lever that can be pulled to escape blame for high energy costs.
- The SPR is our nation's insurance policy against serious disruptions in oil supply – not price increases. Right now America is not facing a serious supply disruption, but we very well could be in the near future. If we empty our strategic reserves now, and then face an actual crisis, we will literally have nowhere to turn.
- Opening our strategic reserves now would provide only momentary price relief – and could instead spook the oil markets and lead to unintended consequences. When the Clinton Administration released 30 million barrels to try to bring down prices in 2000, it was shortly cancelled out by OPEC cutting production by 43 million barrels.
- Experts have pointed out that oil prices are soaring due to the prospect of lost production, and an emergency sale of our limited reserves will do little to calm those fears. Libya's oil accounts for less than 1 percent of our nation's crude imports. Gas prices were above \$3.00 per gallon before this crisis started, and there is no reason to expect a SPR sale will diminish them by any meaningful amount for any meaningful length of time.

Republicans believe the SPR must be kept intact for as long as possible – and know that the best way to provide both short-term and lasting relief is through increased domestic oil production.

- Calls to open the SPR should be all the evidence we need that oil supply has a critical impact on oil prices. For far too long, our nation has made itself far too dependent on foreign petroleum instead of producing its own tremendous resources. It's long past time to change course and take control of our energy future.
- The anti-supply decisions of the past have led to the high energy prices of today. Republicans saw this crisis coming – and tried to avert it. In 1995, Congress passed legislation that would have opened a small portion of the Arctic Coastal Plain to exploration and production. Had President Clinton not vetoed that bill, America's per-day oil production would be roughly 1 million barrels higher. New drilling in the Gulf, in the Mountain West, and Alaska would far exceed any volumes or benefits that can be derived from the SPR.
- The last thing OPEC wants is for America to embark on a program of greater production and lower consumption. If we do, OPEC would likely increase its own output to lower world oil prices and dissuade our efforts.

So how, and where, can America's oil production be increased?

- Nearly 40 billion barrels of oil are currently off-limits in Alaska. The Obama Administration is preventing a bridge from being built in the National Petroleum Reserve-Alaska, refusing to grant air permits needed to conduct exploration in the Alaska OCS, and trying to permanently lock up the non-wilderness portion of ANWR.
- New production in the Gulf of Mexico, which contains an estimated 72 billion barrels of oil, has nearly ground to a halt because of the de facto "perditorium," which costs Americans more oil and more jobs by the day. A similar situation has unfolded in parts of the western U.S., which is home to billions more barrels of oil.
- To further increase domestic production, we also need to cut red tape. America's burdensome regulatory process is a major reason why it takes years to bring a lease to production. We also need to shelve bad ideas, like the massive increase in taxes and fees for oil producers that the Obama Administration has repeatedly proposed.

How else would greater American oil production be beneficial?

- Because domestic oil production will raise substantial government revenues, it provides an opportunity for the United States to make wise investments in technologies that will reduce oil consumption. In order to protect our greatest resource – the American taxpayer – the Republican plan is fiscally responsible.