

June 16, 2016

U.S. Offshore Leasing Legacy: A Chance to Secure U.S. Energy Security

By **Richard Kauzlarich**

In March, the Obama Administration released the long-awaited proposed plan that will manage the next chapter of U.S. offshore leasing. Environmental and community activists already engaged in **an intense campaign** to block hydrocarbon extraction on federal land and offshore immediately urged the White House to reconsider oil and gas production activities in the Gulf Coast and Arctic regions.

Last month, a group of mostly Democratic members of Congress sent a **letter** to Interior Secretary Sally Jewell requesting a stop to any **activity in Arctic** citing the same argument that environmentalists have been pushing regarding oil and gas lease sales in the Gulf -- that activity in the Arctic would worsen climate change. Following suit, eleven Democratic Senators also sent a letter to Secretary Jewell recently, echoing similar environmental concerns.

Addressing climate change realities while maintaining US energy security will require global cooperation and strong US leadership. But limiting the United States' energy portfolio, as the environmental community suggests, would necessarily undermine the United States' ability to spearhead these global efforts. Pragmatism in US energy policy is required.

Under President Obama the United States has significantly expanded the mix in its energy portfolio. The cost of solar electricity has fallen 50 percent, and by 2030 wind is expected to power as many as 4.5 million homes. In fact last week the Department of Energy announced \$25 million in available funding to help software developers, solar companies, and utilities accelerate the integration of solar energy into the grid. Market forces, technological developments, and government policies have worked together to achieve climate change goals within a robust energy security posture.

Ignoring the role of traditional energy sources -- especially natural gas -- in competing with renewables is a mistake. Alternative energies would not have been possible without oil and natural gas production -- and nuclear power -- to meet domestic energy demands. Further this enabled economic growth to recover and generate the financial resources necessary to develop renewable and conventional energy alternatives.

Likewise, gas and oil production has transformed the United States from a position of reliance on foreign suppliers into a leader helping to meet global demand. Today, the United States is the largest producer of oil and natural gas, outperforming juggernauts like Russia and Saudi Arabia. Domestic supplies have alleviated fluctuations in the international markets, protecting consumers against price volatility and increased the **competitiveness of American industries** (like Chemicals) that rely on hydrocarbon based inputs.

All of this has geopolitical implications. The United States is not acting alone. We can't afford an isolationist energy policy any more than an isolationist foreign policy. Bad actors like Russia and Iran are actively expanding their global influence through aggressive oil and natural gas policies. Russia, which flexed its muscle last year in confrontations with Ukraine, launched **explorations in the high Arctic** last month. Don't forget China's One Belt, One Road strategy has a **strong energy component** that also challenges US energy interests.

The longer the United States dawdles, the greater opportunity other countries to assert their geopolitical and energy security interests. . The Obama Administration's policy reversal in March on leases in the Atlantic -- before even allowing exploration to determine the resources base and its potential-- sends clear message to our competitors and allies abroad: the United States limits its capacity to serve as a global energy leader by limiting energy options at home.

At home it creates uncertainty for communities whose livelihoods already depend on offshore production. Unlike the Atlantic, the Gulf of Mexico region's infrastructure and job base have relied on energy development and exploration for many years. In the 2014 fiscal year, the Gulf of Mexico which included approximately 18 percent of the U.S.'s oil production and 5 percent of gas production, and **provided a major portion of the \$13.5 billion** in U.S. total energy revenue.

This 2017-2022 leasing plan will secure our nation's long term energy future. On May 19 at a **hearing held by the Senate Energy and Natural Resources committee**, experts and members alike underlined the need to look beyond today's low oil prices and seemingly secure industry. The fact is less than two years ago prices for crude oil were over \$100 a barrel and these investments in American offshore exploration could be a huge game changer if the market should once again spike.

Certainly the United States shares a responsibility to address climate change. Few would argue that. But America can't go it alone or see climate change as unrelated to overall US energy security. As President Obama has, our next President must keep this in mind when making decisions that could affect future energy investments. Inheriting a robust energy strategy that keeps options open, whoever holds the nation's highest office next will be better positioned to cultivate the seeds of change that have been planted over the past eight years.

President Obama will leave behind a legacy hallmarked by bold climate-change action. To cement that admirable page in history, he should resist pressures from those who will be appeased only by the unattainable goal of exorcising fossil fuels entirely. Our competitors and allies overseas will be watching closely to see how this administration sets the energy security (including climate change) table for those who follow.

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