



The Future of Oil & Gas Regulations in the U.S.

The unrest currently taking place in the Middle East, along with the resulting sharp increase in world oil prices, illustrates just how dependent the U.S. has become on foreign oil imports. A generation ago, the U.S. imported approximately 30 percent of its oil, today we import in excess of 60 percent. With a sluggish economic recovery and oil prices hovering near \$100 per barrel, many average Americans are having a difficult time making ends meet, and it may be time to revisit the issue of oil drilling in the U.S.

Although the U.S. has abundant oil reserves in the Gulf of Mexico, recently enacted rules from the Bureau of Ocean Energy Management (“BOEM”) have now made the permitting process for drilling so onerous that it constitutes a *de facto* ban on all drilling along the Gulf Coast. The BOEM estimates that compliance with these new regulations will cost the oil industry approximately \$183 million per year in compliance costs, however some estimates put this number significantly higher.

Unfortunately, lawmakers are prone to overreaction in response to any perceived crisis and these overly burdensome regulations have led to an increase in our dependency on foreign oil, resulting in higher energy prices. Additionally, these new regulations have driven tens of thousands of jobs away from the U.S. and will cost the U.S. billions of dollars in lost tax revenues in the years to come. Many other countries, including several that are not friendly to the U.S., have welcomed the jobs, tax revenues, and economic investments that go along with oil production.

Environmentalists who support these new regulations fail to take into account one crucial element: that a decrease in U.S. oil production will unquestioningly lead to an increase in oil imports from other countries. An analysis of the environmental and safety regulations in many of these countries unfortunately reveal that they are far less stringent than those in the U.S., and in several countries, are a mere after thought, at best. Environmental disasters know no national boundaries, and limiting drilling in the U.S. may well lead to an increase in worldwide environmental disasters, harming the environment which we all wish to protect. The world environment would be better protected by allowing safe, regulated and monitored drilling in the Gulf, rather than increasing oil production in countries where protection of the environment is not a major consideration.

Until the underlying technology necessary for wind, solar and other types of “green” energy can be economically developed, the U.S. will necessarily be dependent on oil and gas exploration and production. Intelligent and realistic regulation and monitoring can allow for cost effective drilling in the Gulf of Mexico without leading to another environmental disaster. These regulations however must make sense both for the environment and for the oil industry.

By working together, the BOEM and the oil industry can jointly develop regulations that will protect the environment while still allowing oil companies to operate effectively in the Gulf.

Since its inception in the 1960s, America’s offshore energy industry has maintained an impressive safety record. Today it generates billions of dollars in tax revenue for government coffers and employs hundreds of thousands of professionals. It would be ill advised, especially in light of the current turmoil in the Middle East, to allow one isolated incident to impede the development of the offshore oil industry in the U.S.

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