



# MARKETWATCH

## No Need to End Offshore Drilling

### No Need to End Offshore Drilling

*By: Dan DiMicco and T. Boone Pickens*

The oil spill in the Gulf of Mexico has led some people to call for a reversal of the decision to expand offshore drilling in our country, while others now want an end to offshore drilling entirely.

We believe this would be a mistake. We need a vigorous examination to determine the cause of the spill and ensure that such a disaster never happens again. But we cannot lose sight of the important role that offshore drilling — along with other domestic energy resources — plays in increasing U.S. energy and economic security. We need to develop traditional energy resources even as we build the necessary infrastructure for alternative energy use.

We are both concerned about America's future prosperity. Our nation seems to be going down a road that puts our energy and economic security at risk. While the recession has cut energy use here, it is growing in many developing countries, particularly China. A global race for energy resources is on — and China is way out front.

China's state-owned oil companies are now maneuvering to control a substantial amount of oil and natural gas in Africa, Asia and South America. China's energy investments are also in our own backyard. Beijing has invested in five oil sands projects in Alberta, Canada, and signed agreements with Cuba to explore for oil on land and offshore. China could soon be drilling closer to U.S. shores than we are.

China has deals in more than 21 countries, through direct oil and natural gas purchases as well as "loans for energy" — in which China builds energy infrastructure in exchange for the resource. These deals could potentially deliver more than 7.8 billion barrels of oil to China.

As with manufacturing, aggressive government intervention fuels China's growing dominance in energy. Beijing maintains direct ownership of oil companies and finances deals through state-owned banks.

Why should we care about China's energy play? Because the United States is already too dependent on other countries for its energy needs. The United States imports nearly two-thirds of the oil it uses daily — 12 million barrels per day, much of it from nations hostile to our interests.

Forty years ago, 85 percent of the world's oil reserves were open to private investment. Today, only 20 percent are open, with the remaining 80 percent state-owned or controlled. We are nearing a day when oil sales are dictated less by commercial purposes and instead by political or military considerations.

While China is aggressively securing energy resources, Washington is paralyzed by a political system unable to address our long-term economic and energy security needs. This is why we are concerned about the political backlash against offshore drilling. Our political system is increasingly short-term in its outlook and driven by the 24-hour news cycle.

*Continued....*

These factors lead U.S. political leaders to sacrifice long-term planning for short-term political gain. Energy is just one area in which this puts our nation's future at risk. Fortunately, the American people still take a long-term view. Polls taken after the Gulf oil spill revealed that a majority of Americans say they still support drilling off U.S. coasts.

Some people have framed the issue as a choice between offshore drilling and clean shores — implying that we cannot have both. But we can have both. Government and the industry need to learn from this tragedy so that we can develop safer, smarter practices.

We have abundant energy resources right here that we have neglected to use. For example, we have a 100-year supply of natural gas from reserves both on land and offshore. Technological advances have opened up new shale areas with large natural gas reserves.

Accessing these and other energy resources has benefits beyond energy security. Increasing our domestic energy resources helps address other long-term threats to American prosperity.

First, replacing foreign sources can reduce our trade deficit and help restore balance to the global trading system. Oil imports account for almost 50 percent of our trade deficit so far this year.

Much of this oil is for transportation. The technology to use natural gas in vehicles already exists. This could greatly decrease our need for foreign oil. Converting the nation's vehicle fleets — heavy-duty trucks, buses and utility vehicles — is a logical and efficient place to start.

Second, developing domestic production of oil and natural gas, building new nuclear power plants and producing energy from renewable resources like wind, solar and biomass can create millions of jobs. We have lost more than 8 million jobs in this recession. Developing new energy sources and building our energy infrastructure could create the millions of new jobs we need.

Third, domestic production and these potential new jobs could help reduce our budget deficit — another huge threat to our future prosperity — by creating new tax revenues. Domestic offshore drilling alone could generate \$1.3 trillion in revenue over the life of the oil resources, according to an ICF International study commissioned by the American Petroleum Institute. When combined with tax revenues from other domestic energy projects, tax revenue from increased domestic energy production could help put our country's fiscal house in order.

We live in a country that has benefited from its leaders' long-term vision. Our GI Bill, interstate highway system and space program are just a few examples of this American leadership.

We need to get back to this kind of vision if we are going to maintain our energy security and economic prosperity.

*Dan DiMicco is chairman and chief executive officer of Nucor Corp. T. Boone Pickens is chief executive officer of BP Capital.*



American Buildings Company  
1150 State Docks Road  
Eufaula, AL 36027  
Phone 888.307.4338  
[www.americanbuildings.com](http://www.americanbuildings.com)