The Drill NORTH DAKOTA'S OFFICIAL VOICE IN THE OIL PATCH
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How many Iraqs will it take



DALLAS

In the perpetual tinderbox that is the Middle East, it should come as no surprise that tensions have heated up in Iraq, sending crude prices up in the short term and worrying a watchful global market over long-term implications of escalating conflict.

There is absolutely nothing new about this situation. The places and the specific actors may change, but the story remains the same: global energy markets shudder and consumers suffer every time regional hostilities threaten supplies of crude.

As of this writing, analysts are mouthing calming words, assuring us that though crude prices have already gone up, we shouldn't expect to see the types of shortages that left us sitting in long lines or queuing up for rationed gas based on odd or even license numbers like we did in the '70s.

Isn't that comforting?

What would be more comforting is a regulatory environment that encourages and supports industry efforts to tap into domestic resources.

Regressing policies choking off American production

There is plenty of oil still under our feet in the United States. But an awful lot of that oil (and gas) is off-limits to exploration and development.

According to the American Petroleum Institute, at least 87 percent of our federal offshore acreage is off-limits to drilling. API commissioned the consultancy Wood Mackenzie to assess the foregone offshore opportunity in specific terms. The conclusion was astonishing: Increased access to oil and gas resources underlying federal waters could, by 2025, generate an additional 4 million barrels of oil equivalent per day. Taken in the context of the roughly 8.72 million barrels per day the U.S. consumed in 2012, that foregone 4 million barrels would have a serious insulating effect for the US.

And that was just the offshore estimate. The U.S. Department of the Interior's Bureau of Land Management, which oversees America's 279 million acres of public lands, estimated in 2008 that at least 92 percent of the total 31 billion barrels of oil believed to underlie those public lands is either inaccessible or under restricted-access constraints enacted by the U.S. government. Oil and gas production on federal lands, in fact, declined to a 10-year low in fiscal years 2011-12.

Unsurprisingly, the number of permits issued on federal lands by President Barack Obama is a fraction his predecessors' — less than one-third the number of federal lands permits issued by the single-term President George H.W Bush.

Government assault on industry continues

The U.S. government's assault on the oil and gas industry continues. Now the feds are pursuing a potentially onerous nationwide regulatory framework for fracking that is more likely to stall exploration and development than to actually bring the increased environmental protections it's designed for. Industry is also facing new restrictions under the Endangered Species Act that could shut down drilling across some of the hottest plays. The cherry topping on the anti-industry sundae: proposals for punishing new taxes that could starve the very capital that is feeding America's energy revolution.

How many Iraqs will it take?

The boom in unconventional plays has actually played an unfortunate part by releasing some of the pressure industry would otherwise have been exerting to fight these restrictions and taxes. There has been a sort of quiet period during which the unconventional oil boom has throttled back the urgency to open up these off-limits lands to exploration and development. Now the spectre of another potential war in Iraq reminds us that we can't afford to leave that oil in the ground.

The U.S. can and should rely more on its own resources to curb its voracious appetite for oil from volatile regions of the world like the Middle East, yes, but also Nigeria and Venezuela

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