

## Energy Insider by William Engdahl

### A not-so-strange dispute

*Interior Secretary Watt finds a knife being aimed at his oil leasing schedule from a sector of industry.*

Again that chronicle purporting to represent the business community, the *Wall Street Journal*, has been caught with egg on its face. The issue this time revolves around a July 6 article which gleefully heralded that "Offshore Energy Leasing Plan Is Trimmed As Interior's Watt Retreats Amid Criticism."

It seems that an unholy, if not unfamiliar alliance has emerged between certain major integrated oil companies, particularly Exxon and Atlantic Richfield, and certain devotees of the so-called environmentalism. At issue is the laudable public commitment of the Reagan administration to dramatically accelerate the schedule of Outer Continental Shelf (OCS) oil and gas lease sales over the five-year period from the pathetic 15 million acres a year proposed by Watt's environmentalist predecessor from the Carter days, Cecil Andrus.

Secretary Watt called a press conference last week to definitively restate his earlier proposal to offer for lease each of the 18 Planning Areas in the OCS as an entire bloc. Carter-era lease sales had chopped tracts into tiny patchwork blocs that discouraged the kind of wide-ranging exploration most knowledgeable geologists believe is required to map and tap the potential giant offshore oil fields.

James Watt's announcement was greeted by a procession of representatives from Exxon, Arco, Gulf, and Pennzoil, urging him to

act a little more like Carter! A spokesman for Gulf in Pittsburgh expostulated that Carter's "five-year oil and gas leasing schedule as issued in June 1980 provides a sufficiency of exploration opportunities" through 1984. To which Arco, whose chairman Robert O. Anderson personally bankrolls the anti-growth Aspen Institute, echoed its claim. The Watt timetable, Arco said, "would upset the capital equipment and manpower planning efforts of many firms, including our own." To which one Interior Department spokesman replied, "I am surprised. They have been saying for a long time that they want more acreage available to them."

I for one am not surprised. As I have said, the major 20 or so multinational integrated oil companies have increasingly become adjuncts of David Rockefeller's Chase Manhattan Bank or similar institutions, and rarely give a hoot about energy production, much less a tinker's damn about the welfare of the nation. That's not to say we don't need the manpower and technological resources of companies such as Exxon or Gulf. It is to say that their priorities have been systematically corrupted almost beyond recognition.

This opposition to Watt's leasing program was the subject of recent remarks by the highly respected independent petroleum geologist Michel T. Halbouty. Halbouty,

former president of the American Association of Petroleum Geologists, chaired Reagan's Energy Task Force and Transition Team several months ago. In a speech before the annual meeting of the International Oil Scouts Association in Houston at the end of June, Halbouty pointed to the decades of "snail's-pace" OCS leasing, the fact that of a total of 1.8 million square miles of federal offshore lands, only 1.5 percent has been ever leased! Even so, he added, we have been able to add over 5 billion barrels of oil and 45 trillion cubic feet of natural gas to U.S. energy reserves.

"Therefore," he emphasized "what is most difficult for me to understand is the blatant hypocrisy of a segment of our petroleum industry. I am referring to those major oil companies that are objecting to the proposed increase in lease sales. . . . No wonder there are those who say we have the worst public image of all industries." Halbouty then proclaimed that it was "too bad the real independents are not large enough, nor have the full resources, to drill offshore. We would welcome the increased lease sales; and we would find more oil and gas than the majors."

Halbouty's sharp remarks were underscored by a flurry of statements over the past days from the drilling industry. The International Association of Drilling Contractors passed a resolution in support of Watt's accelerated leasing. The National Ocean Industries Association, whose member companies supply equipment for offshore drilling, expressed complete industry readiness for the accelerated program.

It will be very interesting to see the evolution of this battle.