



# Untapped Potential

## The Benefits of U.S. Offshore Oil and Natural Gas Development in the Pacific

Oil and natural gas development in the Pacific Outer Continental Shelf (OCS) could create good jobs and grow the U.S. economy, strengthen our energy security, and generate significant revenue for the government.

### Oil and natural gas development in the Pacific OCS could by 2035:

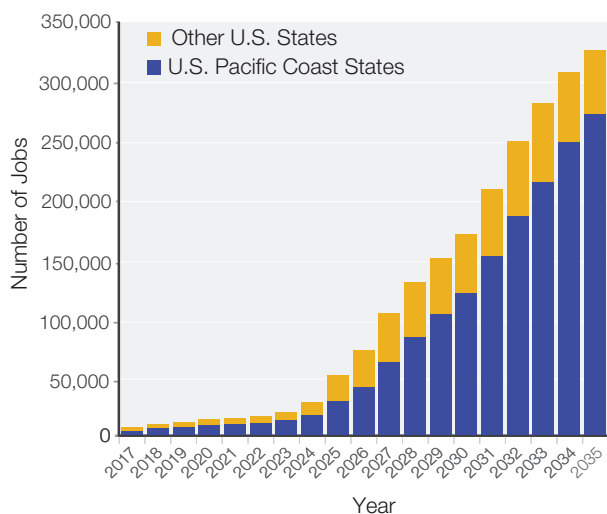
- Create over **330,000 new jobs** along the Pacific Coast and across the country.
- Add more than **1.2 million barrels of oil** equivalent per day to domestic energy production.
- Generate more than **\$81 billion in cumulative revenue** for the government.
- Lead to **\$140 billion in new private sector** spending.
- Contribute up to **\$28.6 billion per year** to the U.S. economy.

The Pacific OCS is the third largest leasing region covering the entirety of the Pacific Coast including California, Oregon and Washington. Historically there has been leasing in the Pacific OCS, but the last lease sale was in 1984. If Pacific OCS leasing begins in early 2018, exploratory drilling would be expected to begin in 2019, and projects could begin producing oil and natural gas by 2023 – due to the ability to ramp up operations quickly by drilling into previously discovered oil and gas deposits and making use of existing infrastructure.

Currently, 87 percent of federal waters are off-limits to oil and gas exploration and production, including large portions of the Pacific OCS. **There remain 49 outstanding leases within the Pacific OCS from several decades ago with 32 producing oil and natural gas.**

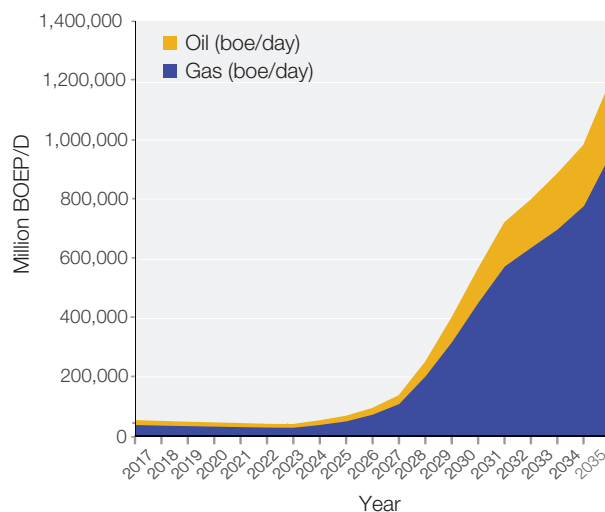
### Job Creation

Spending on goods and services to develop oil and natural gas in the Pacific OCS is expected to provide large employment gains along the Pacific coast and around the country. Total U.S. employment from additional Pacific exploration and development is expected to reach nearly 330,000 jobs by 2035, of which nearly 275,000 would be in the Pacific coast states. The largest employment impact would occur in California.



### Energy Production

Pacific OCS development would significantly increase domestic energy production with expected production to increase to nearly 1.2 million barrels of oil equivalent per day (BOEPD) by 2035. Production is expected to be approximately 80 percent oil and 20 percent natural gas.



## Domestic Investment

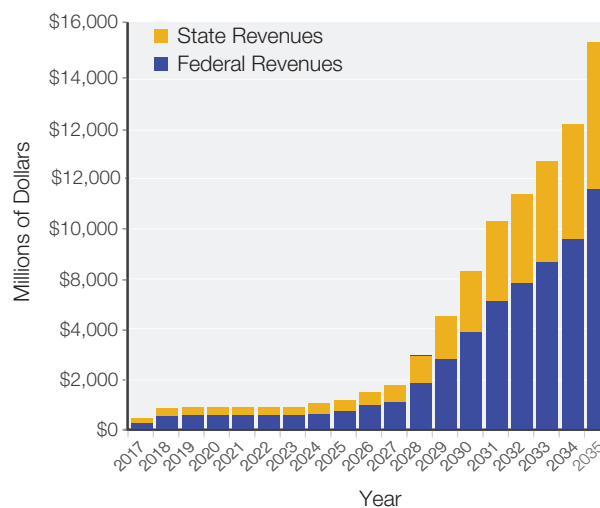
Given the existing offshore production along the Pacific coast, companies in California, Washington and Oregon that already provide manufacturing, supply, shipbuilding and transportation services for the industry are well positioned to take advantage of new offshore activity. As the Pacific OCS is developed, suppliers of offshore oil and natural gas equipment are expected to take advantage of the high-tech manufacturing capabilities of the Pacific Coast states, as well as the extensive port infrastructure already in place. Spending by companies involved in finding, developing, and producing oil and natural gas in the Pacific OCS is projected to rise from an average of \$675 million per year during the first five years of initial leasing, seismic surveys, and exploratory drilling to a relatively constant rate of over \$22 billion per year in 2035.

## Contribution to the Economy

Through job creation, revenue generation and private investment, offshore oil and natural gas development in the Pacific OCS is expected to make significant contributions to the U.S. and regional economies. Total contributions to state GDP are projected at over \$28 billion per year in 2035, with around 83 percent expected to occur in Pacific Coast states and 17 percent in the rest of the U.S.

## Government Revenue

Pacific OCS oil and natural gas development could significantly increase government revenue from royalties, bonus bids, and rents on leases – reaching a cumulative \$81 billion from 2017 to 2035. Assuming revenue sharing legislation similar to the arrangement in the Western and Central Gulf of Mexico is enacted, coastal states could receive 37.5 percent of the revenue generated which is equal to over \$30 billion.



## Impact by State

The chart below shows the breakdown of expected increases in spending, employment, GDP, and government revenue by state.

State	2017–2035 Cumulative Spending (\$ Millions)	2035 Employment	2035 Contributions to Economy (GDP) (\$ Millions/year)	2017–2035 Cumulative State <sup>1</sup> Government Revenue (\$ Millions)
California	\$67,294	175,420	\$16,039	\$17,261
Oregon	\$9,080	43,412	\$3,456	\$8,956
Washington	\$17,450	55,462	\$4,309	\$4,205
Other U.S. States	\$45,996	56,990	\$4,866	N/A
<b>Total</b>	<b>\$139,820</b>	<b>331,284</b>	<b>\$28,671</b>	<b>\$30,421</b>

<sup>1</sup> For comparison of potential revenue among states only. Assumes 37.5 percent of bonuses, rents, and royalties go to the Pacific states. Actual revenue would depend on the enactment and details of a revenue sharing agreement.