

Encyclopedia of Politics of the American West

Oil Industry

Contributors: Steven L. Danver

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The oil industry has played and continues playing a significant and controversial role in western economic, environmental, and political development. This is reflected in this industry's political power in states as diverse as Alaska, California, Texas, and Wyoming. Numerous oil companies have influenced the western United States and the nation as a whole, including Alyeska, Arco, ConocoPhillips, Humble Oil, and Standard Oil of California. Key personalities in western oil industry development include Edward Doheny (1856–1935), J. Paul Getty (1892–1976), Ernest Whitworth Marland (1874–1941), Waite Phillips (1883–1964), T. Boone Pickens [p. 509 ↓] (1928–), and John D. Rockefeller (1839–1937).

The industry has been prompted by the discovery and exploitation of resources in many western states including the Spindletop oilfield in Beaumont, Texas; the Permian Basin near Midland and Odessa, Texas; Wyoming's Green River Valley; and various California locations. Eight of the top ten oil-producing states were located west of the Mississippi River in 1956, including states such as Oklahoma and Kansas.

The desire to develop oil and influence governmental policy making produced political controversies such as the Teapot Dome Scandal during the Harding administration in 1922 through 1923, when Secretary of the Interior Albert Fall (1861–1944) leased naval petroleum reserves at this Wyoming facility and elsewhere to private oil companies at low rates without competitive bidding and received personal financial benefit. This resulted in a high-profile congressional investigation with Fall eventually convicted of bribery and imprisoned, becoming the first cabinet officer to receive such criminal punishment.

Oil resource development also produced environmental damage and significant political controversy. The January-February 1969 oil explosion of a Union Oil platform six miles off the Santa Barbara, California, coast spilled eighty thousand to one hundred thousand barrels of oil, damaging significant areas of the California coastline and killing many animals. Key political outcomes related to this event were California banning offshore oil drilling despite its significant petroleum resources, the 1970 establishment of the Environmental Protection Agency, and enactment of the 1969 National Environmental Policy Act (Pub. L. 91–190) to more effectively formulate and

implement national environmental policy. The March 1989 Exxon *Valdez* oil spill in Alaska's Prince William Sound discharged between 260,000 and 750,000 barrels of oil, caused serious and enduring environmental damage, and resulted in the 1990 passage of the Oil Pollution Act (Pub. L. 101–380) to mitigate and prevent civil liability for future oil spill lawsuits by requiring oil companies to have written plans for preventing and mitigating oil spills and prohibiting vessels causing oil spills exceeding one million gallons from operating in marine areas such as Prince William Sound.

Pumping oil out of the Pacific Ocean at Summerland (near Santa Barbara), California, ca. 1920



source: Courtesy of the Library of Congress.

Other historically significant legislation and orders relating to the western oil industry include the Taft administration's 1909 establishment of oil reserves in Oak Hill and Buena Vista, California; Teapot Dome's 1915 establishment in Wyoming, and 1916 and 1923 establishment of reserves in Colorado, Utah, and Alaska under the secretary of the navy's control. The Mineral Leasing Act of 1920 (Pub L. 66–146) allowed for the resumption of commercial oil development and thus allowed individuals and corporations two-year prospecting permits for 2,560 acres and the ability to lease the entire parcel for twenty years at 5 percent royalty if oil was discovered. World War II saw the Roosevelt administration create the Petroleum Administration for War to maximize federal control of oil production activities. The 1953 Outer Continental Shelf Lands Act (Pub. L. 83–212) opened offshore oil to commercial development and exploration, the 1975 Energy Policy and Conservation Act (Pub. L. 94–91) established the Strategic Petroleum Reserve on the Louisiana and Texas coasts as a national

emergency petroleum supply repository, the Department of Energy (DOE) was established in 1977 (Pub. L. 95–91) consolidating several federal energy policy-making entities and transferring naval control of strategic oil reserves to the DOE, and the 1980 Windfall Profits Tax (Pub. L. 96–223) sought to impose an [p. 510 ↓] excise tax on windfall profits of domestic taxable crude oil producers.

Harm and death of wildlife after the Exxon Valdez spill



source: Photo courtesy of the Exxon Valdez Oil Spill Trustee Council.

Numerous federal government agencies are involved in regulating oil industry activities, including the Bureau of Land Management, covering oil exploration and development on federally owned lands in the western United States; the Bureau of Ocean Energy Management Regulation and Enforcement, regulating offshore oil drilling; the U.S. Geological Survey, conducting studies of oil and mineral resources; the U.S. Department of Energy's Federal Energy Regulatory Commission, regulating the interstate transmission of oil; and the U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration, which is responsible for protecting people and the environment from the hazards of transporting hazardous materials such as oil through pipelines.

Selected state government agencies such as the Railroad Commission of Texas and intergovernmental organizations such as the Interstate Oil and Gas Compact Commission seek to regulate the oil industry and influence legislation affecting this industry in the western United States. Commercial organizations such as the American

Petroleum Institute also strive to influence state and federal policies of concern to the oil industry, which includes individually owned and small independent companies as well as major multinational corporations such as ExxonMobil and British Petroleum.

The discovery of significant oil and natural gas resources in North Dakota and Montana's Bakken Field, unexploited oil resources in the Rocky Mountains and the Arctic National Wildlife Refuge, and the possible delivery of oil sands from Alberta to meet U.S. energy demands mean that oil will remain a significant factor in western states' economic, environmental, and political debates despite rhetoric about "peak oil" and the need to produce green jobs for national economic development. Some of this was reflected in section 369 of the national Energy Policy Act of 2005 (Pub. L. 109–58) directing the secretary of the interior to begin commercial leasing of oil shale on public lands and establish a program for developing strategically unconventional fuels including oil shale. Acute controversy over increasing U.S. domestic production continues during the Obama administration between proponents of reducing U.S. foreign oil dependence and renewable energy advocates.

Albert T. Chapman

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See also

Further Readings

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