

**EFFECTS OF ENVIRONMENTAL AND LAND USE REGULATION
IN THE OIL AND GAS INDUSTRY USING
THE WYOMING CHECKERBOARD AS AN EXPERIMENTAL DESIGN**

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ABSTRACT

This paper estimates the extra costs of drilling for oil and gas on federal land as compared to private land in the Wyoming Checkerboard. The Checkerboard is a center of U.S. oil and gas activity in which square-mile sections of property alternate between federal and private ownership as originally established by the Pacific Railway Acts of 1862 and 1864. This land ownership pattern is used as an experimental control that may be used to identify differences in drilling cost on federal and private land. Estimates presented suggest that average drilling costs per well are about \$200,000 higher on federal property than on private property. This difference is attributed to more stringent enforcement of environmental and land use regulations on federal land.