US oil industry doesn’t see profit in Trump’s ‘pro-petroleum’ moves

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Expanding offshore drilling is one of President Donald Trump's key policy goals for his second term.
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As the Trump administration makes announcement after announcement about its efforts to promote the U.S. fossil fuel industry, the industry isn’t exactly jumping at new opportunities.

Some high-profile oil and gas industry leaders and organizations have objected to changes to long-standing government policy positions that give companies firm ground on which to make their plans.

And the financial picture around oil and gas drilling is moving against the Trump administration’s hopes. Though politicians may tout new opportunities to drill offshore or in Arctic Alaska, the commercial payoff is not clear and even unlikely.

Having worked in and studied the energy industry for decades, I've seen a number of discoveries that companies struggled to moved forward with because either the discovery was not large enough to be commercially profitable or the geology was too difficult to make development plausible. Market conditions are the prime drivers of U.S. energy investment – not moves by politicians seeking to seem supportive of the industry.

Market fundamentals trump policy announcements

The general decline in oil prices from 2022 through late 2025 has reduced the attractiveness of many drilling investments.

And opening the East and West coasts to drilling may sound significant, but these regions have unconfirmed reserves. That means a lot of subsurface work, such as seismic surveys, stratigraphic mapping and reservoir characterization – potentially taking years – would need to be done before any drilling would begin.

Offshore drilling also faces enormous opposition.

On the West Coast, California Gov. Gavin Newsom and California Attorney General Rob Bonta have made forceful statements against any new California offshore oil drilling. They have said any effort is economically unnecessary, environmentally reckless and "dead on arrival" politically in the state.

California local governments, environmental groups, business alliances and coastal communities also oppose drilling and have vowed to use legal and political tools to block them.

There is opposition on the East Coast, too. More than 250 East Coast local governments have passed resolutions against drilling.

Governors on both sides of the aisle, including Democrat Josh Stein of North Carolina and Republicans Brian Kemp of Georgia and Henry McMaster of South Carolina, have spoken out against drilling off their coasts.

Arctic drilling is even harder

Drilling for oil and gas in the Arctic National Wildlife Refuge and the Beaufort Sea off Prudhoe Bay in Alaska would be a massive undertaking. These projects require years of development and are subject to future reversals in federal policy – just as Trump has lifted long-standing drilling bans in those areas, at least for now.

In addition, Alaska is one of the most expensive and technically challenging places to drill. Specialized equipment, infrastructure for frozen landscapes, and risk mitigation for extreme weather drive costs far above other regions. These projects also face logistical challenges, such as pipelines running hundreds of miles through remote, icy terrain.

Natural gas from Alaska would likely be sold to Asian buyers, who increasingly have alternative sources of supply from Australia, Canada, Qatar and even the U.S. Gulf Coast. As production rises in those places, the entrance of Alaskan natural gas into the market raises the risk for global oversupply, which could depress prices and reduce profitability.

Despite political support from the Trump administration, the oil and gas companies would need financing to pay for the drilling. And those loans won't come if the oil companies don't have agreements with buyers for the petroleum products that are produced. Major oil companies have withdrawn from Alaska and signaled skepticism about attractive long-term returns.

President Donald Trump has signed several executive orders seeking to boost the oil and gas industry.
Shawn Thew-Pool/Getty Images

Trump has helped some

In the first 10 months of the second Trump administration, the president has signed at least 13 executive orders pertaining to the energy industry. Most of them focus on streamlining U.S. energy regulation and removing barriers to the development and procurement of domestic energy resources. However, the broad nature of some of these orders may fall short of establishing the stable regulatory environment necessary for the development of capital-intensive energy projects with long time horizons.

Those efforts have reversed the Biden administration's go-slow approach to oil drilling, reducing – though not completely eliminating – the backlog of requests for onshore and offshore drilling permits that accumulated during Biden's presidency.

Delays in permit approvals increase project costs, risk and uncertainty. Delays can increase the chances that a project ultimately is downsized – as happened with ConocoPhillips' Willow project in Alaska – or canceled altogether. Longer timelines increase financing and carrying costs, because capital is tied up without generating revenue and developers must pay interest on the debt while waiting for approvals. Delays also lead to higher project costs, eroding project economics and sometimes preventing the project from turning a profit.

Investment follows economics, not politics

Unlike in some countries, such as with Saudi Arabia's Aramco, Norway's Equinor or China's CHN Energy, the U.S. does not have a national oil or gas company. All of the major energy producers in the U.S. are privately owned and answer to shareholders, not the government.

Executive orders or political slogans may set a tone or direction, but they cannot override the fundamental requirement for profitability. Investments can't be mandated by presidential decree: Projects must make economic sense. Without that, whether due to low prices, high costs, uncertain demand or changing regulations, companies will not proceed.

Even if federal policies open new areas for drilling or relieve some regulatory restrictions, companies will invest only if they see a clear path to profit over the long term.

With most energy investments costing large amounts of money over many years, the industry likely wants a sense of policy stability from the Trump administration. That could include lowering barriers to profitable investments by accelerating the approval process for supporting infrastructure, such as transmission power lines, pipelines, storage capacity and other logistics, rather than relying on sweeping announcements that lack market traction.

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