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January 30, 2006

President Bush Has Not Delivered on His Energy Promises

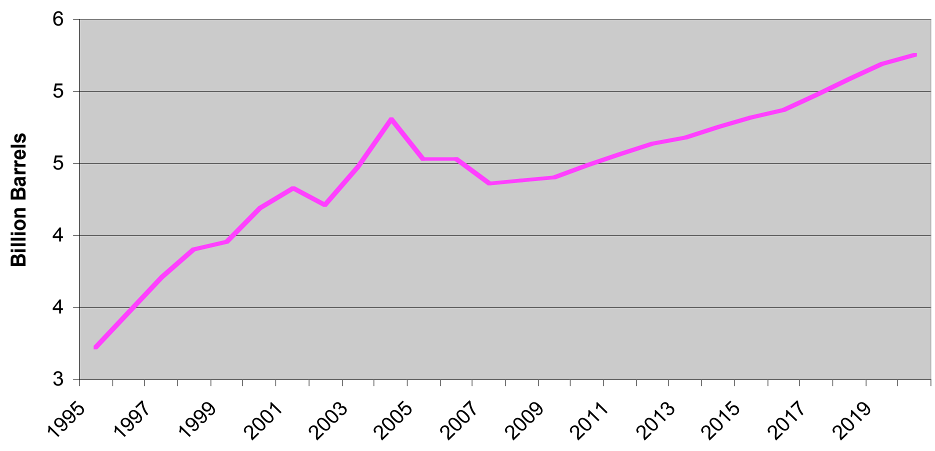
For each of the last four years, President Bush has acknowledged in his State of the Union address that we need to make America less dependent on foreign sources of energy. The President has repeatedly assured the American public that his plans will promote technology that reduces our dependence on foreign oil, yet he has not set forth any details of or a timeline for implementing these proposals. Unfortunately, since President Bush took office, Americans are more dependent on foreign oil than ever and will stay that way without a change in Bush Administration policy.

Over the last five years, Americans have sent record amounts of money to other countries that supply America with oil and petroleum products, including Persian Gulf nations and regimes that are hostile toward America. At the same time, big oil companies are making record profits in America, but they have failed to invest those profits in new, innovative technology or alternative energy sources in America. Democrats believe that working together, we can change direction and make America energy independent by 2020.

American Dependence on Foreign Oil is Growing

Oil and petroleum product imports are increasing. America imported 4.2 billion barrels of oil and petroleum products in 2000, the year before President Bush took office. By 2004, imports increased over 14 percent to 4.8 billion barrels. Without the Democratic-sponsored proposal to cut imports by 40 percent by 2020, the Administration projects that Americans will import 5.25 billion barrels in 2020.

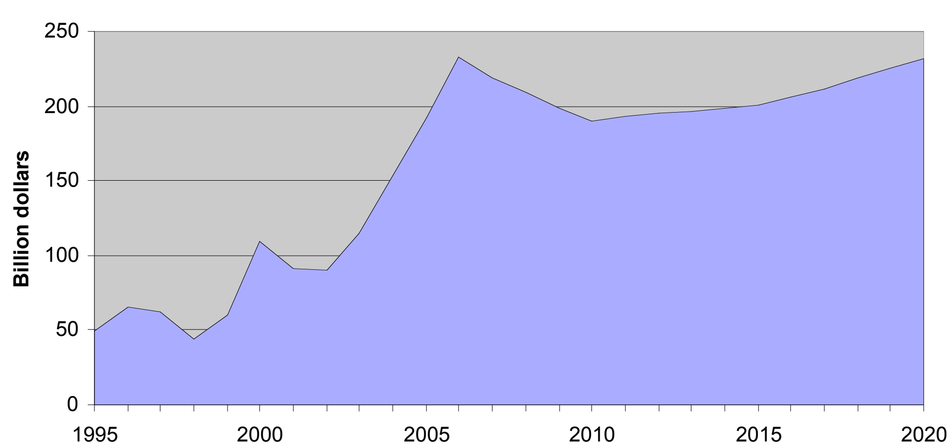
Oil and Petroleum Product Imports Continue to Increase



Source: Energy Information Administration, Annual Energy Outlook Early Release 2006, Table 11 and EIA website, "U.S. Total Crude Oil and Products Imports."

Expenditures on imported petroleum are increasing. In 2000, when oil prices were high relative to the 1990's, Americans sent $109 billion to other countries to purchase crude oil and petroleum products. In 2004, Americans spent nearly 50 percent more money, $153 billion, to purchase these products from foreign countries. The Administration projects that by 2020, Americans will be sending $231 billion abroad to meet oil and petroleum product needs.

Americans Send More Money Overseas to Pay for Oil and Petroleum Products



Source: Annual Energy Outlook 2006, Table 11, and Annual Energy Review 2004, Table 3.9

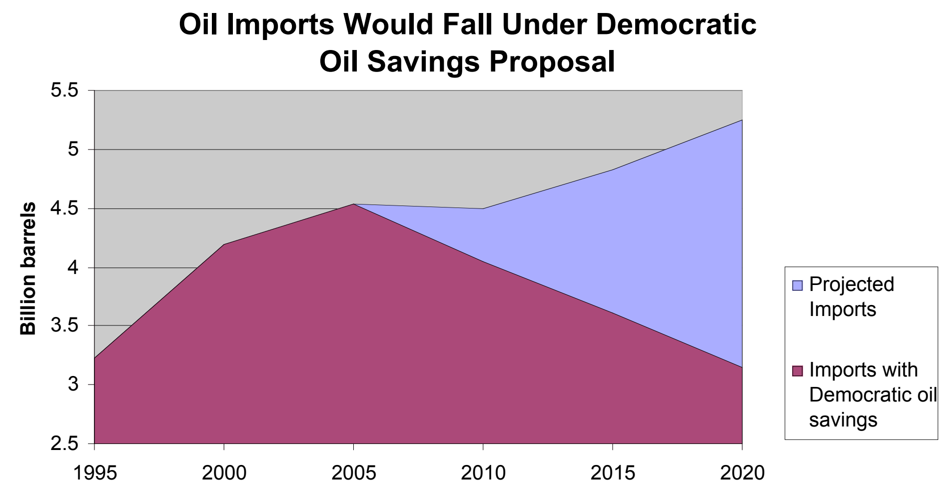
Oil Companies Are Not Investing in America's Energy Future

The Big Five oil companies earn most of their revenue in America. Documents submitted to the Senate in November 2005 show that the five largest oil companies earn most of their revenue in America. Exxon's total gross revenue in the U.S. for 2004 totaled $88 billion, $18 billion more than Exxon collected in 2003 and $29 billion more than in 2002. BP amassed $130 billion in revenue in the United States in 2004, $22 billion more than BP collected in 2003 and $50 billion more than in 2002. (See Appendix A)

Oil companies are not reinvesting those revenues in America. Oil companies have been cutting back on their investments in America. Exxon has cut the amount of American investments by almost a billion dollars from 2002 levels. Chevron has followed Exxon's model and also cut the amount it has reinvested in America by $3 billion since 2001. BP has failed to increase its domestic investments since 2002 even though it made $50 billion more in 2004 than in 2002. (See Appendix B)

Oil companies aren't investing in new energy sources. America needs reliable sources of energy that will bolster our national security, protect the environment, and create jobs. Even though the big oil companies are awash in profits, and the President has dubbed technology as "the ticket" to energy independence, oil companies are not investing their record profits in new technology to develop alternative energy resources. Exxon stated that it invests only a "negligible" amount toward renewable energy production. Chevron interpreted "non-petroleum energy supplies" to include traditional sources, such as coal and natural gas. (See Appendix C)

Democrats Want to Make America Energy Independent by 2020



Source: Energy Information Administration, Annual Energy Outlook Early Release 2006, Table 11, and EIA website, "U.S. Total Crude Oil and Products Imports," calculations of 40 percent savings by 2020.

Making America more secure

Declare our energy independence. Independence from foreign oil sources would save money and enhance our national security. According to analysts, up to $50 billion in taxpayer money is being spent each year to protect the flow of oil from the Persian Gulf. Better management of our strategic reserves of crude oil (and gasoline, jet fuel, diesel and heating oil) would reduce the impact of oil supply disruptions.

Send less money out of the country. In 2005 alone, Americans will have sent more than $200 billion overseas to oil-producing nations to pay for petroleum products, including crude oil. Over the last five years, an average of $137 billion per year went to these countries. Investing that money here at home would have a huge impact on our balance of trade, the economy, and job creation.

Creating new jobs and economic growth

Create a new energy industry, exports and jobs. An Apollo Project-like initiative to invest federal research and development dollars in advanced energy technology would create millions of new highly-skilled, high-wage jobs. Improving energy science and technology education and training would make America the leader in energy efficient product manufacturing and exporting. Aggressive federal leadership in procuring very efficient and advanced alternative fuel vehicles and green buildings and products would help American companies innovate.

Develop a vibrant domestic biofuels and alternative fuels industry. A vibrant domestic biofuels and alternative fuels industry would create thousands of new jobs and stimulate investment in homegrown technologies. Greatly enhanced ethanol, biodiesel, and other biofuels production would help power vehicles, improve the economy in agricultural states, reduce the amount of solid waste, and decrease federal farm program costs. The small renewable fuel standard in law now will generate more than 200,000 jobs and displace more than $10 billion worth of crude oil. Improvements in infrastructure and electricity options and standards would encourage much greater use of alternative fuel and hybrid vehicles.

Make energy more affordable for residential and manufacturing use. A national commitment to efficiency, renewably-generated electricity, and a massive investment in advanced energy technology would reduce consumers' electricity and fuel bills by more than $60 billion per year by 2020. Extending energy efficiency and renewable incentives would lower the demand for natural gas and free up natural gas for other uses. Increasing weatherization assistance would save consumers more than one-fifth of their heating costs and save thousands of barrels of oil per day. Fuel-efficiency standards for tires would save nearly half a million barrels of oil per day in less than ten years. A smarter, more efficient and flexible electricity infrastructure would increase reliability and consumers' options and ability to save or generate their own electricity.

Protecting American families

Strengthen consumer protections. More than seven million Americans would have better access to home heating and weatherization assistance in times of economic trouble. Strong and well-enforced federal price gouging laws would prevent oil companies from taking advantage of consumers. Accurate and accessible information on vehicle and appliance energy efficiency would help consumers save on energy bills

Create healthier communities and a cleaner environment. Significantly increased incentives for energy efficiency and renewables, and a national energy policy focused on rapidly developing and deploying climate-friendly domestic energy would reduce millions of tons of air pollution and greenhouse gases annually. Smart growth policies would make communities more livable, affordable, and safer.

Appendix A

Question from Senator Jeff Bingaman: *What percentage of your company's gross revenue was collected in the United States in each of the last 10 years?*

Response from Exxon CEO Lee Raymond: Please refer to below.

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	10 Yr Ave	%
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M		
TOTAL GROSS REVENUE												
U.S.	51,013	55,103	55,655	45,783	53,214	70,036	63,603	59,675	70,128	88,382	61,260	29%
Non U.S.	146,161	157,943	142,070	119,844	129,315	158,403	145,814	141,274	166,926	202,870	151,062	71%
												100%
Total Gross Revenue	197,194	213,046	197,735	165,627	182,529	228,439	209,147	200,949	237,054	291,152	212,322	
U.S. % of Total Gross Revenue	26%	26%	28%	28%	29%	31%	30%	30%	30%	30%		

Response from from BP CEO Ross Pillari: Data is provided since 2000 because that is the year when BP completed the major consolidation of the Arco and Burmah Castrol acquisitions. Using financial and operational data prior to 2000 would not be comparable as BP was a much smaller company than it is today.

Gross Revenue	2000	2001	2002	2003	2004
USA	71,084	84,696	80,381	108,910	130,652
Global	148,062	174,218	178,721	232,571	285,059
Ratio	48%	49%	45%	47%	46%

Figures from BP's Annual Report & Accounts

Source: Questions from the Record of Joint Committee Hearing regarding Energy Pricing and Profits on November 9, 2005 with Senate Energy and Natural Resources and Commerce, Science, and Transportation Committees.

Appendix B

Question from Senator Jeff Bingaman: On average for the last ten years, please compare your company's overall capital expenditures in the United States to its expenditures elsewhere.

Response from Exxon CEO Lee Raymond: Please refer to below.

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	10 Yr Ave	%
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M		
Total Capital & Exploration Expenditure												
U.S.	3,618	3,716	3,889	4,195	3,402	3,338	3,942	3,957	3,766	3,025	3,685	26%
Non U.S.	9,953	12,306	10,228	11,340	9,905	7,830	8,369	9,998	11,579	11,860	10,355	74%
Total Capital & Exploration Expenditure	13,571	16,022	14,177	15,355	13,307	11,168	12,311	13,955	15,525	14,885	14,040	
U.S. Capital & Expl. Exp. As a % of Total	27%	23%	28%	27%	26%	30%	32%	28%	24%	20%		

Response from Chevron CEO Dave O'Reilly: The table below shows Chevron's capital and exploratory expenditures for the periods 1999 through 2004 and the percentage applicable to U.S. expenditures.

$ Billions	2004	2003	2002	2001	2000	1999
Capital and exploratory expenditures:						
Total United States	$3.0	$2.6	$3.8	$6.0	$4.3	$3.4
Total Worldwide	8.3	7.4	9.3	12.0	9.5	10.1
Percentage United States	36%	35%	41%	50%	45%	33%

Source: Chevron SEC Form 10-Ks; includes share of affiliate expenditures

Response from BP CEO Ross Pillari: Note: Data is provided since 2000 because that is the year when BP completed the major consolidation of the Arco and Burmah Castrol acquisitions.

	2000	2001	2002	IFRS 2003	IFRS 2004
USA	34,037	6,160	6,095	5,967	6,005
% of Total	72%	44%	32%	30%	32%

2003-4 data is presented in accordance with International Financial Reporting Standards (IFRS).
Prior year data is presented in accordance with UK GAAP, unless otherwise noted. Figures from BP's F&OI 2000-2004

Source: Questions from the Record of Joint Committee Hearing regarding Energy Pricing and Profits on November 9, 2005 with Senate Energy and Natural Resources and Commerce, Science, and Transportation Committees.

Appendix C

Question from Senator Jeff Bingaman: **What percentage of profits over the last 10 years has your company reinvested in non-petroleum energy supply and production in the United States? Please provide a total and the results of such investment.**

Response from Exxon CEO Lee Raymond: A negligible amount of ExxonMobil's company profits has been re-invested in non-petroleum (non crude oil and natural gas) energy supply and production.

Response from Chevron CEO Dave O'Reilly: Chevron has interpreted the question of "non-petroleum" energy investments in to include all *non-crude oil (i.e., non-liquid hydrocarbons) energy investments*, including investments in natural gas, and coal.

Source: Questions from the Record of Joint Committee Hearing regarding Energy Pricing and Profits on November 9, 2005 with Senate Energy and Natural Resources and Commerce, Science, and Transportation Committees.