U.S. HOUSE OF REPRESENTATIVES
NATURAL RESOURCES COMMITTEE
CHAIRMAN DOC HASTINGS

Republican Bills Increase American Energy Production, Create Jobs & Lower Prices

- Under President Obama, the cost of energy has skyrocketed. The national average price of gasoline was $1.84 when President Obama took office. Today it is $3.98. Rising gasoline prices are hurting families and small businesses, costing jobs and threatening our economic recovery.

- The Obama Administration has actively blocked and delayed American energy production – destroying jobs, raising energy prices and making the U.S. more reliant on unstable foreign countries for energy.

- Through the American Energy Initiative, House Republicans are actively working to increase American energy production in order to:
    - lower gasoline prices,
    - create American jobs,
    - generate revenue to help reduce the debt and deficit, and
    - strengthen our national security by decreasing our dependence on foreign energy.

- The House Natural Resources Committee passed three bills to expand offshore energy production (H.R. 1229, H.R. 1230 and H.R. 1231). The House is expected to take up H.R. 1230 this Thursday, and possibly H.R. 1229 depending on the floor schedule. All three bills are expected to be considered by the House in May.

- These bills could **create 250,000 jobs short-term and 1.2 million jobs long-term** according to Dr. Joseph Mason, economist and professor at Louisiana State University.

<u>H.R. 1230, Restarting American Offshore Leasing Now Act</u>

- The *Restarting American Offshore Leasing Now Act* expands American energy production and creates jobs by requiring the Secretary of the Interior to conduct oil and natural gas lease sales in the Gulf of Mexico and offshore Virginia that have been delayed or cancelled by the Obama Administration.

- The Federal Government develops five-year plans to determine where and when offshore leasing and energy production will occur. The current five-year plan (2007-2012), established by the Bush Administration, included a lease sale (#220) off the Virginia Coast in 2011, two Gulf of Mexico lease sales (#216 and #218) in 2011, and another Gulf of Mexico lease sale (#222) to take place in 2012.

- By delaying and cancelling lease sales, the Obama Administration is blocking American energy production, preventing American job creation and forfeiting much-needed revenue that could be used to pay down the national debt. This bill will reverse the Obama Administration's actions and proceed now with the scheduled lease sales in a prompt, timely and safe manner.

- The Congressional Budget Office estimates that H.R. 1230 would **generate $40 million in new revenue** over the next decade.

- The Virginia lease sale was originally scheduled for 2011, but due to Obama Administration actions, has been delayed until at least 2017.

- There is bipartisan support for energy production offshore of Virginia. According to a study by the Southeast Energy Alliance, offshore energy development in Virginia could **create nearly 2,000 jobs in Virginia** and produce 750 million barrels of oil and 6.65 trillion cubic feet of natural gas.

- After this bill passed out of Committee, the Obama Administration announced it would move forward with one of the Gulf lease sales this year. Prior to this sudden action, the Obama Administration was on course to make 2011 **<u>the first year since 1958 that the federal government will not have held an offshore lease sale.</u>** However, squeezing in one conveniently timed offshore lease before the end of the year is not enough to undo the Obama Administration's long track record of blocking and delaying American energy production.

- The *Restarting American Offshore Leasing Now Act* would require all four lease sales to occur before June 1, 2012 or within one year after enactment of the bill.

<u>H.R. 1229, Putting the Gulf Back to Work Act</u>

- The *Putting the Gulf Back to Work Act* will end the Obama Administration's *de facto* drilling moratorium in a safe, responsible, transparent manner – putting thousands of Americans back to work and increasing American energy production to help address rising gasoline prices.

- According to the Obama Administration's own estimates, the six-month "official moratorium" (May–October 2010) on drilling **cost up to 12,000 jobs**. However, a study by Dr. Joseph Mason from Louisiana State University predicts that if the *de facto* ban on deepwater drilling were sustained for 18 months, there could be a loss of **36,137 jobs nationwide**, with **24,532 jobs lost in the Gulf** Coast region alone.

- A report by the National Center for Policy Analysis found that declining oil and natural gas production in the Gulf of Mexico is **costing the United States $4.7 million a day** in lost revenues.

- The Obama Administration's *de facto* moratorium is also causing a significant decline in American energy production. According to the Energy Information Administration's (EIA) March 2011 "Short-Term Energy Outlook," production from the Gulf of Mexico is expected to **fall by 240,000 barrels per day** in 2011.

- Specifically, H.R. 1229 the *Putting the Gulf Back to Work Act*:

    - Improves safety by reforming current law to 1) require lease holders to receive an approved permit to drill before drilling an offshore well and 2) require the Secretary of the Interior to conduct a safety review.

    - Sets a firm 30 day timeline (with two 15 day extensions) for the Secretary to act on a permit to drill. This simply requires the Secretary to act within the set period of time – it is not a requirement that permits be approved. <u>This firm timeline will make certain that the Obama Administration cannot impose a moratorium through deliberate inaction.</u>

    - Provides 30 days, with no extension, for the Secretary to restart Gulf permits that were approved before the Administration's moratorium was imposed on May 27, 2010. If the Secretary fails to act, the leases will be put into suspension (the clock stops ticking on the time-limited lease) until a decision is made.

    - Establishes an expedited judicial review process for resolving lawsuits relating to Gulf permits. This reform ensures that ending the *de facto* moratorium imposed by the Obama Administration isn't replaced by paralyzing, frivolous lawsuits that could take years to resolve.

<u>H.R. 1231, Reversing President Obama's Offshore Moratorium Act</u>

- The *Reversing President Obama's Offshore Moratorium Act* will lift the President's ban on new offshore drilling by requiring the Administration to move forward on American energy production in areas containing the most oil and natural gas resources.

- In 2008, in response to record-high gasoline prices, both Congress and the President acted to end the decades-long bans on offshore drilling – opening new areas off the Atlantic Coast and the Pacific Coast. Since President Obama took office, he has systematically taken steps to re-impose an offshore drilling moratorium. He first abandoned the (2010-2015) leasing plan that would have allowed for drilling in these newly opened areas. He postponed and cancelled previously scheduled lease sales. He later announced a restrictive drilling plan that placed the Pacific, the Atlantic and the Eastern Gulf off-limits to future energy production – the way it was before the record high gasoline prices of 2008.

- Specifically, the *Reversing President Obama's Offshore Moratorium Act* will:

    - <u>Require that each five-year offshore leasing plan include lease sales in the areas containing the greatest known oil and natural gas reserves</u>. For the 2012-2017 plan being written by the Obama Administration, the areas with the greatest known reserves are specifically defined as those estimated to contain 2.5 billion barrels of oil or 7.5 trillion cubic feet of natural gas. At least 50 percent of those areas must be made available for leasing in the 2012-2017 plan. Currently, the Obama Administration's 2012-2017 draft plan includes no new leasing and drilling, only possible future lease sales in the Gulf. The requirements to lease in these most prospective offshore areas reverses the Administration's effective moratorium on opening new areas.

    - A state's Governor may request to opt-in to a five-year leasing plan and the Secretary of Interior will include a lease sale, or sales, of the state's offshore area in the plan.

    - <u>Require the Secretary to establish a production goal when writing a five-year plan</u>. The goal will be the specific amount of oil and natural gas production that is estimated to result from leases made under the plan. **Establishes the production goal for the 2012-2017 plan being written by the Obama Administration at 3 million barrels of oil per day and 10 billion cubic feet of natural gas per day by 2027.** This 2012-2027 time encompasses the fifteen year period of the five-year plan and resulting ten-year leases made under that plan. By comparison to today's levels, this increase in oil equates to a tripling of current American offshore production and would **reduce foreign imports by nearly one-third**.