RSC
Republican Study Committee

Rep. Jim Jordan (R-OH), Chairman
Paul Teller, Executive Director
1524 Longworth House Office Bldg.
Washington, D.C. 20515

RSC.JORDAN.HOUSE.GOV

ph. (202) 226-9717 / fax (202) 226-1633

Legislative Bulletin……………………………….………May 11, 2011

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H.R. 1231—Reversing President Obama's Offshore Moratorium Act (Rep. Hastings, R-WA)

__Order of Business__: The bill is expected to be considered on Wednesday, May 11, 2011, under a structured rule that allows for one hour of debate, the consideration of several amendments made in order, and allow one motion to recommit.

__Summary__: H.R. 1231 would require the Department of the Interior (DOI) to proceed with auction leases devised under the 2012-2017 leasing periods, for the development of oil and gas resources in the most geologically productive areas of the Outer Continental Shelf (OCS). Specifically, the bill would amend the Outer Continental Shelf Lands Act and require the Secretary to conduct leasing sales on parcels that include at least 50 percent of the available unleased acreage within each outer Continental Shelf planning area considered to have the largest undiscovered, technically recoverable oil and gas resources (on a total btu basis) based upon the most recent national geologic assessment of the outer Continental Shelf, with an emphasis on offering the most geologically prospective parts of the planning area . Additionally, sales a required to be made if a Governor requests leasing to be made available for an OCS planning area that resides within its state or subdivisions boundaries.

The bill requires the Secretary to make areas under the 2012-2017 five-year plan available for leasing if they are projected to contain at least 2.5 million barrels of oil or 7.5 trillion cubic feet of natural gas.

The bill establishes production goals for future five-year leasing plans with specific goals considering:

- "The best estimate of the possible increase in domestic production of oil and natural gas from the outer Continental Shelf;
- "Focused on meeting domestic demand for oil and natural gas and reducing the dependence of the United States on foreign energy;
- "Focused on the production increases achieved by the leasing program at the end of the 15-year period beginning on the effective date of the program."

H.R. 1231 states the goals under the 2012-2017 leasing plan are to increase OCS production by 3 million barrels of oil per day and 10 billion cubic feet of natural gas per day by 2027.

Finally, the bill requires that after five years, the Secretary provide an annual report that details the progress of the program in meeting the production goal and identify projections for production and any problems with leasing, permitting, or production that will prevent meeting the goal.

Additional Background: H.R. 1231 is the third of three bills the House will be considering as part of the launch of the Speaker's American Energy Initiative. The Outer Continental Shelf Lands Act (OCSLA) provides the structure and rules for offshore oil and natural gas exploration, leasing, and development in federal waters.

Every five years, the Interior Department creates a five-year program to govern the leasing of the federally controlled Outer Continental Shelf (OCS) for drilling purposes and meeting environmental requirements. The Outer Continental Shelf is divided into four regions (Alaska, Atlantic, Gulf of Mexico, and Pacific) which each contain numerous "planning areas." If a planning area is included by the Interior Department in the leasing program, the Department will offer portions of that area for lease to the oil and gas industry in a lease sale, held as scheduled in the five-year program. The OCS is divided into 26 planning areas with 11 in the continental United States and 15 in Alaska. A detailed chart of the process is available here.

From 1981 to 2008, Congress maintained a moratorium (through the appropriations process) on leasing areas of the OCS for offshore drilling, supplemented by Executive Orders issued by President George H.W. Bush and extended by President Clinton. The moratorium placed both the Pacific and Atlantic Coasts off-limits, along with portions of the OCS off Alaska and in the eastern Gulf of Mexico. In 2008, high gas prices led Congress to cease including OCS moratorium language in appropriations bills. Following Congress's action, President George W. Bush lifted the executive order imposing a presidential moratorium and opened the vast majority of OCS to potential leasing activities, with an exception for portions of the eastern Gulf of Mexico. The newly opened OCS areas are only available for leasing and eventual drilling if the Bureau of Ocean Energy Management, Regulation, and Enforcement (BOEMRE, formerly MMS) designate leases in a five-year leasing plan.

Since taking office, the Obama Administration has proceeded to instate a de facto moratorium on OCS leasing and drilling by systematically reducing the amount of OCS areas available for leasing in the leasing plans. In April 2010, the Administration removed the entire Pacific Coast, the newly opened areas off Alaska, and portions of the Atlantic Coast from consideration for lease sales, and in December 2010 it removed the remainder of the Atlantic Coast and portions of the Gulf of Mexico from consideration. Even those extremely limited areas that will potentially open before 2017 are closed for study until at least 2012. The moratorium is estimated by API to cost 75,000 jobs, $91 billion in cumulative government revenues, and potential production of 900,000 barrels of oil per day. With these actions, the Obama Administration has succeeded in effectively reinstating the OCS moratorium, obliterating the progress Congress and President Bush made towards a more stable energy future by removing the moratorium in 2008.

Committee Action: The bill was introduced on March 29, 2011, and referred to the Committee on Natural Resources. On April 23, 2011, the full Committee held a mark-up and ordered the bill to be reported by a vote of 29-14.

Administration Position: A Statement of Administration Policy is not available at press time.

Cost to Taxpayers: According to CBO, "enacting this legislation would reduce direct spending (by increasing offsetting receipts) by about $350 million over the 2012-2016 period and by $800 million over the 2012-2021 period. The administrative costs of implementing the bill would total about $22 million over the 2011-2016 period, assuming appropriation of the necessary amounts."

Does the Bill Expand the Size and Scope of the Federal Government? No.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates? No.

Does the Bill Contain Any Federal Encroachment into State or Local Authority in Potential Violation of the 10th Amendment? No.

Does the Bill Comply with House Rules Regarding Earmarks/Limited Tax Benefits/Limited Tariff Benefits? According to Committee Report 112-69, the bill "does not contain any Congressional earmarks, limited tax benefits, or limited tariff benefits as defined under clause 9(e), 9(f), and 9(g) of rule XXI of the Rules of the House of Representatives."

Constitutional Authority: According to the bills sponsor, Article IV, Section 3, of the United States Constitution allows for consideration of H.R. 1231.

"The Congress shall have Power to dispose of and make all needful Rules and Regulations respecting the Territory or other Property belonging to the United States; and nothing in this Constitution shall be so construed as to Prejudice any Claims of the United States, or of any particular State."

Outside Organizations in Support the Bill: (Courtesy of Resources Committee)
U.S. Chamber, ATR, NTU, Americans for Prosperity, CAGW, ALG, NFIB, 60 Plus Association, American Trucking Association, National ocean Industries Association, Offshore Marine Services Association, Shallow Water Energy Coalition.

RSC Staff Contact: Bruce F. Miller, Bruce.Miller@mail.house.gov, (202)-226-9717.